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Medium-term strategic plan: financial plan and related recommendation for the period 2004-2007

Summary

By its decision 2000/3 (E/ICEF/2000/8 (Part I)), the Executive Board changed the medium-term strategic plan (MTSP) from a four-year rolling plan, updated every two years, to a four-year fixed period, commencing with the plan for the period 2002-2005 (E/ICEF/2001/13 and Corr.1). The financial medium-term plan is contained in each MTSP, but is updated each year. Thus, the present document contains financial information for the period 2004-2007.

The plan is intended to enable the Executive Board to review the previous year's financial plan as well as the updated income projections. As such, the plan provides the Board with a basis for determining the level of programme submissions that should be prepared for its 2005 sessions.

The Executive Director *recommends* that the Executive Board approve the medium-term financial plan as a framework of projections for 2004-2007, including the preparation of up to $492 million in programme expenditures from regular resources to be submitted to the Executive Board in 2005. This amount is subject to the availability of resources and to the condition that estimates of income and expenditure made in the present plan continue to be valid.

* E/ICEF/2004/12.

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I. Funding targets for 2004-2007

1. In its decision 1998/22 (E/ICEF/1998/6/Rev.1), the Executive Board requested the Executive Director "to report on the funding targets necessary to achieve the goals of the medium-term plan (MTP) in the context of the resource mobilization strategy adopted by the Board in January 1999".

2. By its decision 1999/8 (E/ICEF/1999/7/Rev.1), the Executive Board endorsed the funding target of annual growth in income of 7 per cent, to reach $1.5 billion by 2005, as a challenge for the mobilization of regular and other resources from Governments, the private sector and all other donors. Cumulatively, the planned growth rate of 7 per cent has been surpassed and as a result, the overall resource mobilization target set for 2005 was exceeded in 2003. Significant growth in 2003 resulted from increased contributions to other resources (emergency) and from the positive impact of the revaluation of major donor currencies compared to the United States dollar, the organization's reporting currency.

3. While contributions to regular resources and other resources (regular) registered modest increases of 3 and 2 per cent respectively in 2003, the growth rate of 84 per cent (an increase of $202 million) in emergency contributions is unprecedented. For the plan period, both the performance in 2003 and historical growth trends have been taken into account to forecast other resources contributions. This, along with a modest growth projection of 4 per cent per year for 2004 and 2005 for regular resources contributions, leads to a resource mobilization target of $1.7 billion for 2005, an increase of over $208 million above the original target of $1.5 billion. However, the balance between regular and other resources will continue to favour other resources, with regular resources expected to constitute only about 46 per cent of income by 2005.

II. Medium-term financial plan for 2004-2007

A. The financial plan process

4. In accordance with the specific financial requirements of UNICEF, the financial plan is a framework of projections used to:

(a) estimate future regular and other resources income, based on the most current information;

(b) plan affordable levels of regular resources programme expenditures;

(c) determine the budgetary estimates necessary to support programme expenditures;

(d) maintain the liquidity requirement.

5. The financial plan projects income based on pledges and indications received during the pledging event, recent trends in contributions, the fund-raising objectives of the Programme Funding Office and the work plan of the Private Sector Division (PSD). Projected expenditures are based on information on the outstanding amounts of approved programmes plus estimated expenditures on future programmes. Programme and budget plans, implementation experience and available resources provide the basis for the yearly phasing of expenditures.

6. The Executive Board approves budgets for country programmes of cooperation and the support budget for financing from regular resources. UNICEF has a biennial support budget cycle, which is reviewed by the Executive Board every two years. UNICEF prepares estimates for country programmes of cooperation to cover a longer period according to the national planning cycles of the programme countries and in harmony with the members of the United Nations Development Group.

7. Total programme expenditures out of regular resources, projected in the present plan, are based on forecasts of future regular resources income. Also, future country programme expenditures from regular resources are based on planning levels established on the basis of the modified system for allocation of regular resources for programmes approved by the Executive Board in 1997 (E/ICEF/1997/12/Rev.1, decision 1997/18). A report on the utilization of regular and other resources will be reviewed by the Board at its second regular session of 2004 (E/ICEF/2004/16).

8. Except in specific circumstances approved by the Executive Board, spending from other resources begins upon receipt of pledges for other resources programmes previously approved by the Executive Board or, in the case of emergencies, as part of the Consolidated Appeals Process.

9. Actual amounts of income and expenditures can differ from projections due to the facts that:

(a) income depends on voluntary contributions;

(b) the rate of expenditures depends upon on a number of factors, many of which are beyond the control of UNICEF;

(c) fluctuations of rates of exchange add significant uncertainty to income and expenditure projections.

10. UNICEF does not have credit facilities to cover potential differences from planned income and expenditures. If regular resources income is lower than estimated, the main regulators of expenditures are:

(a) adjustment of the amounts of new programmes submitted to the Executive Board for approval;

(b) reduction of the existing support budget;

(c) adjustment of spending on already approved programmes.

11. Since the effect of these regulators operates with a time lag, UNICEF must maintain a certain amount of cash as a liquidity provision. In addition to providing a cushion for planning contingencies, the liquidity provision covers the cash flow imbalance that normally occurs in the first part of the year when disbursements typically exceed receipts, especially for regular resources. To meet this requirement, the UNICEF liquidity policy recommends a minimum year-end regular resources convertible cash balance equal to 10 per cent of projected regular resources income for the following year. This financial plan sets planned regular resources expenditure at a level that guarantees compliance with this target. In its decision 2003/8 (E/ICEF/2003/9/Rev.1), the Executive Board decided that UNICEF should continue to manage its liquidity in accordance with the current policy. It should be noted that firm and indicative pledges and early payments by Governments, in

accordance with decision 1999/8, enhance the predictability of the availability of resources.

12. In order to minimize the negative impact of uncertainties about income on programme implementation, UNICEF continuously reviews progress against the plan, identifies deviations and prompts corrective action as necessary. In this framework, UNICEF revises the financial plan each year on a "rolling basis" to reflect the most current income estimates. UNICEF uses the revised estimates to update the annual expenditure phasing and to determine the level of estimated programme cooperation to be prepared for the following years.

13. The end purpose of this plan is to enable the Executive Board to review the financial performance of UNICEF in 2003 and the updated income projections. In this framework, the plan also provides the Executive Board with a basis for deciding the total level of affordable programmes to be submitted in 2005.

B. Performance in 2003 compared with the previous medium-term financial plan

14. Figure I provides a comparison between the actual results for 2003, the projections of the financial plan and the 2002 results.

Income

15. Total contributions to UNICEF in 2003 amounted to $1,688 million, an increase of $234 million (16 per cent) over contributions of $1,454 million in 2002. This amount was higher by $288 million (21 per cent) over the previous financial plan target of $1,400 million for 2003. After adjustments, $1,680 million was recognized as income in 2003 compared with $1,447 million in 2002.

16. The increased income in 2003 is largely the result of a $202 million increase in contributions to other resources (emergency) and a $36 million increase in government contributions to regular resources. Although income from the private sector increased by only $9 million compared with 2002, the real growth is significantly higher because the results for the private sector in 2002 included a one-time legacy of $56 million. A significant share of private sector income is derived from fund-raising activities and mobilized through the efforts of National Committees for UNICEF and their network of volunteers.

17. Overall, in 2003 regular resources income amounted to $732 million, an increase of $23 million (3 per cent) over 2002. In line with the harmonized budget presentations of the United Nations Development Programme, the United Nations Population Fund and UNICEF, certain biennial support budget costs (including income tax reimbursement and government contributions towards local costs) amounting to $8.4 million in 2003 have been subtracted from total income. For 2002, the amount subtracted was $7.5 million.

18. Total other resources contributions (both regular and emergency) for 2003 were $956 million, an increase of $210 million (28 per cent) as compared to 2002 and $196 million (26 per cent) in relation to the financial plan projections for 2003. Other resources contributions (regular) amounted to $513 million in 2003, an increase of $8 million (2 per cent) as compared to 2002 and in line with the financial plan estimate of $515 million. Other resources contributions for emergencies

amounted to $443 million, an increase of $202 million (84 per cent) over 2002 and $198 million (81 per cent) higher than the financial plan projections for 2003.

19. In 2003, as in previous years, UNICEF derived its contributions principally from two sources: Governments and intergovernmental organizations, which contributed $1,136 million (67 per cent) of total contributions; and non-governmental or private sector sources; which provided $515 million (31 per cent), 27 per cent of which was contributed by National Committees. The other income category (including interest income and other miscellaneous sources) amounted to $37 million or 2 per cent of 2003 contributions, a decrease of $22 million compared to 2002. The share of contributions from government sources increased by 3 per cent in 2003 compared to the previous year. As anticipated in the plan, interest income decreased largely because of lower global interest rates. Excluding the impact of the one-time legacy contribution in 2002, regular resources represented 43 per cent of total resources for 2003, down from 47 per cent the previous year.

Expenditures

20. In 2003, total expenditures amounted to $1,469 million (excluding write-offs), an increase of $202 million (16 per cent) over expenditures of $1,267 million in 2002. Management and administration expenditures were $87 million (6 per cent of total expenditure) and programme support amounted to $155 million (11 per cent of total expenditure). Regular resources expenditures increased from $572 million in 2002 to $634 million in 2003 (11 per cent), which compares well with the financial plan forecast of $638 million. Other resources expenditures (excluding write-offs) increased to $835 million in 2003, an increase of $105 million (14 per cent) compared to the $730 million projected in the financial plan, and of $140 million (20 per cent)) as compared to the expenditures registered in 2002. The growth in other resources emergency expenditures accounts for almost $100 million of this increase.

21. Direct programme assistance amounted to $1,227 million (an 18-per-cent increase over 2002), or 83 per cent of overall expenditure. Total support budget expenditure (management and administration and programme support) for 2003 was $242 million, $17 million (8 per cent) higher than 2002 but $6 million (3 per cent) less compared to the financial plan forecast.

Cash balances

22. The 2003 year-end cash balance (excluding $289 million in trust funds for procurement services and other activities) was $672 million. This was $43 million more than the 2002 balance. In general, the increase in cash balances in 2003 resulted from the significant increase in income.

23. The regular resources cash balance at the end of 2003 was $209 million. This consisted of $202 million in convertible currencies and $7 million in non-convertible currencies. The convertible regular resources cash balance is $33 million higher than the level in 2002 due to the differential between income and programme expenditures for the year mitigated to a large extent by the increase in accounts receivable. These cash balances are expected to peak in 2004. Following this accumulation, it is planned that this level of cash will be lowered gradually to provide for commensurate growth of expenditures over the coming years, while maintaining prudent liquidity.

24. A new funded reserve for after-service health insurance was approved by the Executive Board in 2003 (decision 2003/11, (E/ICEF/2003/9/Rev.1)). The reserve was established following a recommendation made by the United Nations Board of Auditors that a funded reserve cover contingent liabilities arising from after-service health insurance for staff, in conformity with good practices in this area, including within the United Nations system. A reserve of $30 million was established in 2003 and $10 million for each successive year is included in the current plan. Regular resources cash available after the coverage of the funded reserve for 2003 is $165 million. UNICEF will monitor this reserve and continue to consult with other United Nations agencies to ensure adequate planning in this area.

25. For the plan period, the cash available after the coverage of funded reserves is expected to be highest in 2004, at $187 million. This will decrease to $173 million, $153 million and $116 million respectively for 2005, 2006 and 2007. These levels provide for sustained coverage of the liquidity guideline during the financial plan period.

26. The 2003 other resources cash balance amounted to $463 million, $12 million (3 per cent) more than the balance at the end of 2002.

27. In addition to income and expenditures, movements in non-cash assets and liabilities on the balance sheet also affect year-end cash balances. Increases in assets reduce cash balances, while increases in liabilities increase cash balances.

28. For regular resources cash balances, changes in non-cash assets and liabilities reduced the cash availability by $55 million during the year. For other resources, the net effect on cash balances of all changes in non-cash assets and liabilities was a reduction of $103 million in cash.

29. Accounts receivable, amounting to $345 million, is the largest non-cash asset on the UNICEF balance sheet. In 2003, this balance sheet item increased by 7 per cent over 2002, primarily due to the increase in PSD receivables. The PSD accounts receivable for 2002 were low compared the level of contributions because the one-time legacy of $56 million was received in cash. Contributions receivable (the second largest non-cash item), increased by 74 per cent to $269 million, due mainly to the timing of increased contributions from Governments.

30. UNICEF inventories consist of the Supply Division warehouse at Copenhagen and PSD stock. The Supply Division uses inventory to meet the requirements for standard supply and equipment items for UNICEF programmes (both regular and emergency) as well as for procurement services. At the end of 2003, inventories reached $29 million, representing an increase of $2 million from 2002.

31. Contributions for following years received in advance appear as a liability on the UNICEF balance sheet. At the end of 2003, other resources contributions received in advance amounted to $2.8 million.

C. Financial plan for 2004-2007

32. A comparison of this year's financial medium-term plan to last year's plan is shown in table 1.

33. Total planned programme expenditures for 2004 through 2007 are projected with an upward trend. This is done to reflect an increase in regular resources

income, availability of other resources and improved absorption capacities of programme countries as evidenced by programme expenditure trends in 2002 and 2003 and the expenditure levels registered in the first six months of 2004.

Income projections for 2004-2007

34. Table 3 shows, inter alia, income projections from various sources for the period 2004-2007. These projections are set for planning purposes and do not imply a commitment by individual donors since all contributions to UNICEF are voluntary. They are in United States dollars using the June 2004 United Nations rate of exchange.

35. The financial plan forecasts total income of $1,685 million for 2004, a decrease of $3 million compared to the actual results for 2003. This figure takes into account the anticipated reduction in other resources (emergency) contributions, which will be compensated to a large extent by the projected growth in regular resources. After 2004, the plan forecasts an average increase of 2 per cent per year for the remaining three years of the plan period. By the end of the current MTSP period (2005), it is expected that the original aggregate funding target of $1.5 billion will be exceeded by $208 million, as evidenced by the target of $1,708 million established in the current financial plan for 2005. Regular resources are expected to constitute about 46 per cent of the aggregate contributions.

Regular resources income

36. Table 2 shows the various sources of regular resources income. The breakdown is as follows:

(a) **Government contributions.** A total of 55 Governments pledged and 5 made indicative pledges to UNICEF at the United Nations Pledging Conference and the UNICEF pledging event held during the first regular session of the Executive Board in January 2004. Of the 55 countries that pledged, 15 increased, 27 maintained and 6 decreased their pledges, with 5 resuming their pledges and 2 pledging for the first time. Twenty-three were high-income, 19 were middle-income and 13 were low-income countries. Four countries indicated payment schedules and 15 countries indicated multi-year pledges. The pledges and/or indications for 2004 regular resources amounted to $257 million, $135 million less than the total of $392 million pledged for 2003. However, three of the top 10 donors in 2003 were not able to pledge in 2004. Had they been in a position to announce contributions at a similar level to those made in 2003, there would have been an increase of approximately $30 million for 2004. Based on the June 2004 exchange rates, UNICEF projects regular resources contributions from Governments to be $425 million for 2004;

(b) **Private sector contributions.** The projections reflect a revised estimate of the PSD work plan (E/ICEF/2004/AB/L.1), which was approved by the Executive Board at its first regular session of 2004, and the forecast of contributions from non-governmental organizations (NGOs). Net income from the private sector includes proceeds from the sale of greeting cards and other products, private sector fund-raising and the contributions from NGOs. The financial plan forecasts private sector income of $305 million in 2004, an increase of 3 per cent, and average annual increases of 4 per cent for the period 2005-2007;

(c) **Other income.** Other income consists mainly of interest income, gains/losses as a result of exchange rate movements and other miscellaneous items. Other income is forecast to be $35 million per year for 2004-2007, levels which account for the fact that interest income is unlikely to recover entirely to previous years' levels.

Other resources income

37. UNICEF receives contributions for other resources for programmes and for emergency relief. Table 2 shows the forecast of these contributions separately. The revised financial plan for the period 2004-2007 forecasts total other resources contributions of $920 million for each year in the plan period.

Liquidity

38. The UNICEF liquidity policy recommends a minimum year-end regular resources convertible cash balance equal to 10 per cent of projected regular resources income for the following year. The proposed financial plan sets planned regular resources expenditures at a level that ensures continuous strict compliance with this requirement, as shown in table 5.

39. Programmes funded from other resources are normally fully funded before implementation begins. Therefore, the cash balance for other resources is higher than for regular resources. The year-end cash balance can vary widely depending on the timing of the receipt of funds and the implementation of programmes. For example, if large cash contributions are received late in the year, the year-end cash balance will be high because most of the spending on the related programmes will occur in the following year. In this financial plan, it is projected that the other resources cash balance will increase by an average of 10 per cent annually during 2004-2007.

Projected programme expenditures

40. At the beginning of 2004, there was an unspent balance of approved regular resources programme commitments of $1,409 million planned for implementation from 2004 onwards (see table 3 and the accompanying footnote).

41. Regular resources programmes proposed to the Executive Board in 2004 amount to $146 million. The plan provides for the preparation of $492 million of regular resources programme proposals for approval by the Executive Board in 2005. The levels of planned programme expenditure will be continuously adjusted based on updated information about projected income.

42. The 2004-2007 level of planned spending is in line with the goal of maximizing programme expenditures while maintaining regular resources liquidity. The estimated yearly phasing of expenditures on approved, new and future programme recommendations is shown in table 3.

43. The plan proposes regular resources programme expenditures of $450 million in 2004, $50 million more than originally planned, so as to be in line with the higher implementation rates registered in the first half of 2004. Planned programme expenditures for 2005, 2006 and 2007 are $505 million, $530 million and $560 million, respectively. These levels take into account the objective of optimizing use of resources within the bounds of income and sound liquidity.

44. The unspent balance of programme cooperation from other resources was $816 million at the end of 2003 ($564 million/regular and $252 million/emergency). The financial plan forecasts that other resources programme expenditures will be in line with the expected income and the available resource levels for 2004 through 2007.

45. Based on income projections in the plan, total expenditures (net of reimbursement costs) for 2004 and 2005 are forecast to be $1,649 million and $1,682 million, respectively. The financial plan forecasts total programme expenditures to increase to $1,710 million in 2006 and $1,750 million in 2007. However, actual spending will be adjusted in line with the level of achievement of income projections set in the present plan.

46. The current financial plan forecasts that following the 8-per-cent increase in the support budget in 2003 (largely due to increases in international staff salaries, in line with salary increases in the United Nations system, and other additional costs), the next two years will see increases resulting from additional security costs. The support costs for 2004 are forecast to be higher by 7 per cent, reflecting increased regular programme assistance and additional unanticipated emergency security costs (estimated to be $7 million per year for 2004 and 2005). They also take into account higher other resources expenditure levels and increased recovery offset following the adoption of the new UNICEF recovery policy. The additional recovery income will allow for a reduction of net support budget expenditures, releasing more regular resources from the support budget to programme assistance.

Assets and liabilities

47. As explained in paragraph 27 above, movements in non-cash assets and liabilities affect year-end cash balances. Line 4 in tables 4, 5 and 6 below shows the anticipated effect of these movements.

48. At its 1990 regular session, the Executive Board approved a capital asset fund to be used for field office accommodation and staff housing (E/ICEF/1990/13, decision 1990/26). At the end of 2003, $13.9 million remained to be spent from the fund. Estimated spending from this fund is $4 million during the period 2004-2007.

49. All the above items — contributions/income, expenditure and liquidity — are summarized in table 4, with a breakdown of regular resources in table 5 and other resources in table 6. Figures II through V show actual and forecast financial information by source of funds.

Trust funds

50. Trust funds are earmarked resources entrusted to UNICEF from various sources, including Governments, other United Nations organizations and NGOs, mainly to cover the cost of procurement of supplies and services undertaken by UNICEF on behalf of other development partners. They also include financing provided by sponsors to cover the costs of Junior Professional Officers.

51. As per Regulation 5.3 of the UNICEF Financial Regulations and Rules, trust funds are not considered UNICEF income and are recorded separately and distinguished from funds that are part of income and are spent for programmes approved by the Board.

52. In the past, trust funds for non-procurement services activities have been fairly limited, accounting for just a few million dollars. This situation changed dramatically with the emergence of the Oil-For-Food Programme (OFFP) in Iraq in 1996. Since 1997, when UNICEF began its financial participation in this programme, the total amount of funds disbursed under OFFP have amounted to $494 million. Following the Security Council's decision to end OFFP in 2003, the corresponding reduction in trust fund activities has been reflected in the 2004-2007 plan (table 7). Procurement services activities continue to be an important segment of the trust fund accounts. The amount disbursed from trust fund accounts in 2003, other than procurement services, was $285 million, up from $201 million in 2002.

53. Table 7 reports on trust fund activity in 2003 and projects receipts and disbursements for the plan period. Overall, in 2003, UNICEF received $635 million for these trust accounts and disbursements and obligations amounted to $489 million.

III. Recommendation

54. The Executive Director *recommends* that the Executive Board approve the following draft recommendation:

The Executive Board

1. *Takes note* of the medium-term financial plan (E/ICEF/2004/AB/L.4) as a flexible framework for supporting UNICEF programmes;

2. *Approves* the medium-term financial plan as a framework of projections for 2004-2007 (summarized in table 4 of document E/ICEF/2004/AB/L.4), including the preparation of up to $492 million in programme expenditures from regular resources to be submitted to the Executive Board in 2005. This amount is subject to the availability of resources and to the condition that estimates of income and expenditure made in this plan continue to be valid.

Table 1. UNICEF financial plan: changes from prior plan
(In millions of United States dollars)

	2003*	2004	2005	2006	2007
Regular resources income					
2003 medium-term financial plan	640	663	684	707	720
2004 medium-term financial plan	[illegible]	765	788	811	839
Change	92	102	104	104	119
Percentage change	14	15	15	15	17
Regular resources programme expenditures					
2003 medium-term financial plan	390	400	410	425	435
2004 medium-term financial plan	[illegible]	450	505	530	560
Change	2	50	95	105	125
Percentage change	1	13	23	25	29
Programme support and management and administration					
2003 medium-term financial plan	248	258	268	279	285
2004 medium-term financial plan	[illegible]	259	267	270	280
Change	- 6	1	- 1	- 9	- 5
Percentage change	- 3	0	- 0	- 3	- 2
Other resources income					
2003 medium-term financial plan	760	790	820	848	877
2004 medium-term financial plan	[illegible]	920	920	920	920
Change	196	130	100	72	43
Percentage change	26	16	12	8	5
Other resources programme expenditures					
2003 medium-term financial plan	730	755	787	818	835
2004 medium-term financial plan	[illegible]	940	910	910	910
Change	111	185	123	92	75
Percentage change	15	25	16	11	9
Total income					
2003 medium-term financial plan	1 400	1 453	1 504	1 555	1 597
2004 medium-term financial plan	[illegible]	1 685	1 708	1 731	1 759
Change	288	232	204	176	162
Percentage change	21	16	14	11	10
Total expenditures (includes SB reimbursement)**					
2003 medium-term financial plan	1 376	1 421	1 473	1 530	1 563
2004 medium-term financial plan	[illegible]	1 657	1 690	1 718	1 758
Change	112	236	217	188	195
Percentage change	8	17	15	12	12

* This column represents 2003 actual results against the "2004 medium-term financial plan".
** Total expenditure includes the support budget reimbursement and write-offs for year 2003. These amounts are not included in the regular and other resources expenditures above. For details please refer to tables 5 and 6 and para. 17 in the accompanying text.

Table 2. UNICEF income projections

(In millions of United States dollars)

	Average % last 5 years	Actual				Plan			
		2000	2001	2002	2003	2004	2005	2006	2007
Regular resources									
Governments*		343	351	368	403	425	438	451	464
Private sector		165	164	282	292	305	315	325	340
Other income		54	36	59	37	35	35	35	35
Total, Regular resources		563	551	709	732	765	788	811	839
Growth (%)	6	- 4	- 2	29	3	5	3	3	3
Other resources									
(a) Regular									
Governments		251	279	343	351	350	350	350	350
Private sector**		131	160	162	162	165	165	165	165
Other income		- 4	0	0	0	0	0	0	0
Subtotal, Programmes		377	439	505	513	515	515	515	515
Growth (%)	13	10	16	15	2	0	0	0	0
(b) Emergencies									
Governments		131	160	203	382	345	345	345	345
Private sector**		70	76	37	61	60	60	60	60
Other income		- 2	0	0	0	0	0	0	0
Subtotal, Emergencies		199	235	240	443	405	405	405	405
Growth (%)	35	71	18	2	84	- 9	0	0	0
Total, Other resources		576	674	745	956	920	920	920	920
Growth (%)	20	46	17	11	28	- 4	0	0	0
Total Contributions		1 139	1 225	1 454	1 688	1 685	1 708	1 731	1 759
Growth (%)	12	18	8	19	16	0	1	1	2

* Includes Governments and intergovernmental organizations.

** Includes contributions from National Committees for UNICEF, private individuals and corporations.

Table 3. Regular resources: yearly phasing of estimated expenditures

(In millions of United States dollars)

		2004	2005	2006	2007	Beyond 2007	Total recommendations
Field office recommendations							
1	Programme balances available from funds approved in prior years	420	418	309	243	19	1 409[a]
2	Programmes to be submitted to 2004 Executive Board sessions	1	35	34	30	46	146
3	Programmes to be prepared for 2005 Executive Board sessions		22	124	124	222	492
4	Programmes to be prepared for 2006 and future Executive Board sessions			33	133		166
5	Amount set aside	26	27	27	27		
6	Estimated allocation of net income from sale of greeting cards in countries with UNICEF programmes	3	3	3	3		
7	Subtotal, programme expenditure	450	505	530	560		
Support budget recommendations							
8	Estimated net support budget for 2004	259					
9	Estimated net support budget for 2005-2006		267	270			
	Estimated net support budget for 2007				280		
10	Total expenditure	709	772	800	840		

[a] Excluding unspent balance of $24 million subject to cancellation pending final settlement of accounts for old programme cycles and including other allocations made in 2004 which is not reflected in the end-2003 balances.

Table 4. UNICEF financial plan: summary (regular resources and other resources)

(In millions of United States dollars)

		Actual			Plan			
		2001	2002	2003	2004	2005	2006	2007
1	Income*	1 225	1 454	1 688	1 685	1 708	1 731	1 759
	Growth (%)	8	19	16	- 0	1	1	2
2	Expenditures							
	(a) Programme assistance	1 012	1 043	1 227	1 390	1 415	1 440	1 470
	Growth (%)	14	3	18	13	2	2	2
	(b) Programme support and management and administration	226	225	242	259	267	270	280
	Growth (%)	6	- 1	8	7	3	1	4
	(c) Write-offs and miscellaneous	8	6	10	0	0	0	0
	Subtotal Expenditure (excluding reimbursement)	1 246	1 273	1 479	1 649	1 682	1 710	1 750
	(d) Support budget costs/reimbursement	8	7	8	8	8	8	8
	Gross expenditures	1 254	1 280	1 487	1 657	1 690	1 718	1 758
	Growth (%)	13	2	16	11	2	2	2
3	Income less expenditures	- 28	174	201	28	18	13	1
4	Movements non-cash assets/liabilities	48	8	- 157	- 17	- 13	- 14	- 19
5	Year-end cash balance							
	(a) Convertible currencies	439	620	665	675	680	679	661
	(b) Non-convertible currencies	8	9	7	8	8	8	8
	Total cash balance	447	629	672	683	688	687	669

*Gross amounts - "Transfer to biennium support budget" are not included which are shown separately as item (d) under expenditures.

Table 5 UNICEF financial plan: regular resources

(In millions of United States dollars)

		Actual			Plan			
		2001	2002	2003	2004	2005	2006	2007
1	Income*	551	709	732	765	788	811	839
	Growth (%)	- 2	29	3	5	3	3	3
2	Expenditures							
	(a) Programme assistance	380	347	392	450	505	530	560
	Growth (%)	5	- 8	13	15	12	5	6
	(b) Programme support and management and administration	226	225	242	259	267	270	280
	Growth (%)	7	- 1	8	7	3	1	4
	(c) Write-offs and miscellaneous	4	1	4	0	0	0	0
	Subtotal regular resources expenditure (excluding reimbursement)	610	573	638	709	772	800	840
	(d) Support budget costs/reimbursement	8	7	8	8	8	8	8
	Gross regular resources expenditures	618	580	647	717	780	808	848
	Growth (%)	7	- 6	11	11	9	4	5
3	Income less expenditures	- 66	129	85	48	8	3	- 9
4	Movements non-cash assets/liabilities	45	- 34	- 55	- 17	- 13	- 14	- 19
5	Year-end cash balance							
	(a) Convertible currencies	76	169	202	232	227	216	188
	(b) Non-convertible currencies	8	9	7	8	8	8	8
	Total cash balance	84	178	209	240	235	224	196
	Funded reserves							
	After-service health insurance	- 0	- 0	30	40	50	60	70
	Capital assets	14	14	14	13	12	11	10
	(c) Funded reserves total	14	14	44	53	62	71	80
	Total Cash Available (a) + (b) - (c)	70	164	165	187	173	153	116
	Liquidity guideline compared to year-end cash balance:							
	(a) Liquidity guideline	71	73	77	79	81	84	86
	(b) Convertible currency balance net of future year contributions received in advance	76	169	202	232	227	216	188

*Gross amounts - "Transfer to biennium support budget" are not included which are shown separately as item (d) under expenditures.

Table 6 UNICEF financial plan: other resources

(In millions of United States dollars)

	Actual			Plan			
	2001	2002	2003	2004	2005	2006	2007
1 Income	674	745	956	920	920	920	920
Growth (%)	27	11	28	- 4	0	0	0
2 Expenditure							
(a) Programme assistance-regular	404	442	482	490	490	490	490
Growth (%)	20	9	9	2	0	0	0
(b) Programme assistance-emergency	229	253	353	450	420	420	420
Growth (%)	48	11	39	27	- 7	0	0
(c) Write-offs and miscellaneous	3	5	6	0	0	0	0
Total expenditures including write-offs	636	700	841	940	910	910	910
Growth (%)	29	10	20	12	- 3	0	0
3 Income less expenditures	38	45	115	- 20	10	10	10
4 Movements non-cash assets/liabilities	3	43	- 103	0	0	0	0
5 Year-end cash balance							
(a) Convertible currency	363	451	463	443	453	463	473
(b) Non-convertible currencies	0	0	0	0	0	0	0
Total cash balance	363	451	463	443	453	463	473

Table 7. UNICEF financial plan: procurement services and trust funds

(In millions of United States dollars)

	Actual		Plan			
	2002	2003	2004	2005	2006	2007
1. Opening balance trust funds:						
Procurement services	139	137	210	225	230	235
Other activities	-16	-15	58	25	27	27
	123	122	268	250	257	262
2. Funds received:						
Procurement services	143	277	323	365	288	290
Other activities	203	358	171	286	130	130
Total	345	635	494	651	418	420
3. Disbursements:						
Procurement services	145	204	308	360	283	285
Other activities	201	285	204	284	130	130
Total	346	489	512	644	413	415
4. End balance:						
Procurement services	137	210	225	230	235	240
Other activities	-15	58	25	27	27	27
Total	122	268	250	257	262	267

Figure I

Financial Performance for 2003

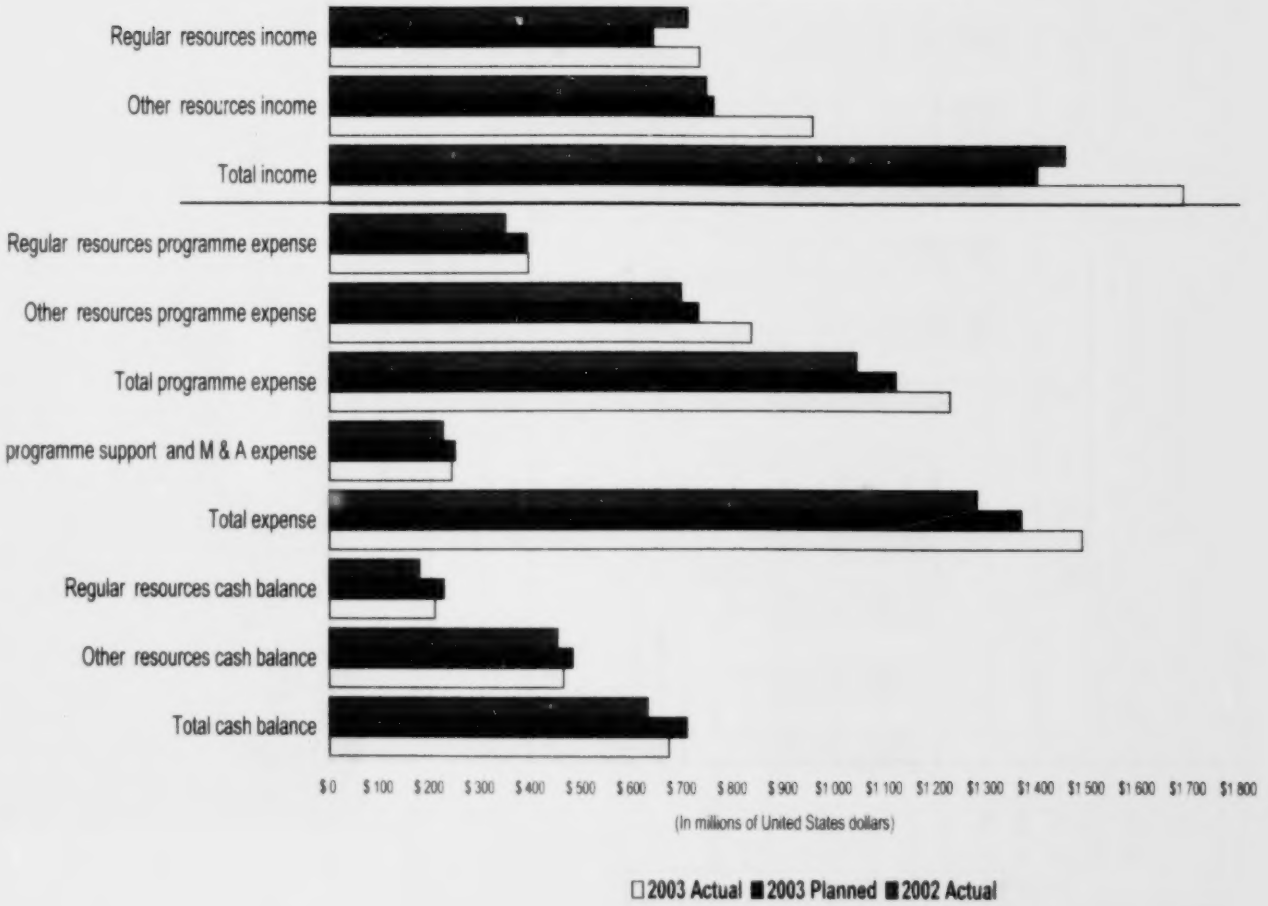

Regular resources income
Other resources income
Total income
Regular resources programme expense
Other resources programme expense
Total programme expense
programme support and M & A expense
Total expense
Regular resources cash balance
Other resources cash balance
Total cash balance
$0 $100 $200 $300 $400 $500 $600 $700 $800 $900 $1 000 $1 100 $1 200 $1 300 $1 400 $1 500 $1 600 $1 700 $1 800
(In millions of United States dollars)
2003 Actual
2003 Planned
2002 Actual

Figure II

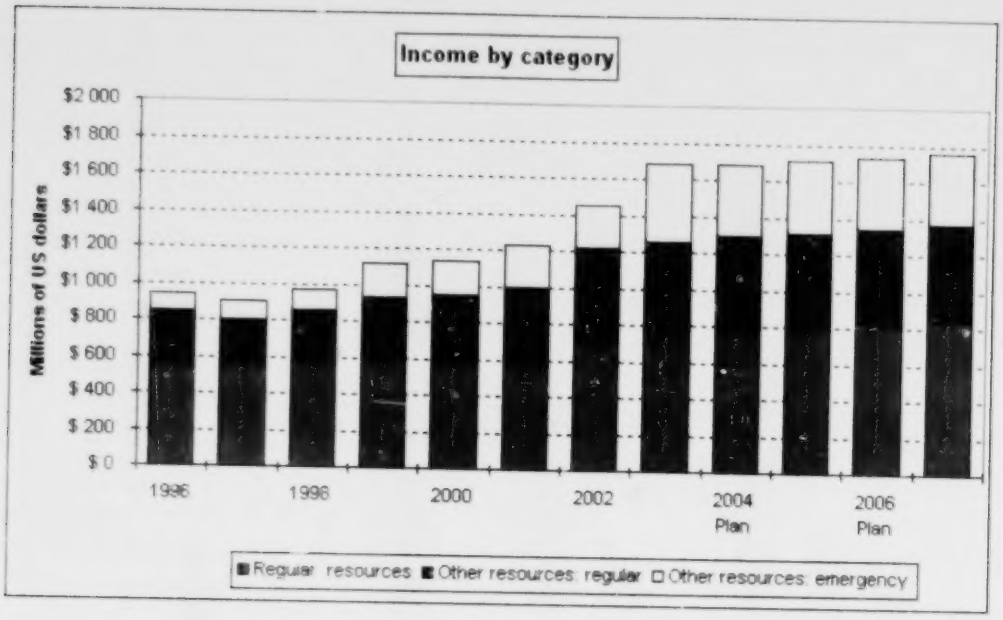


Figure III

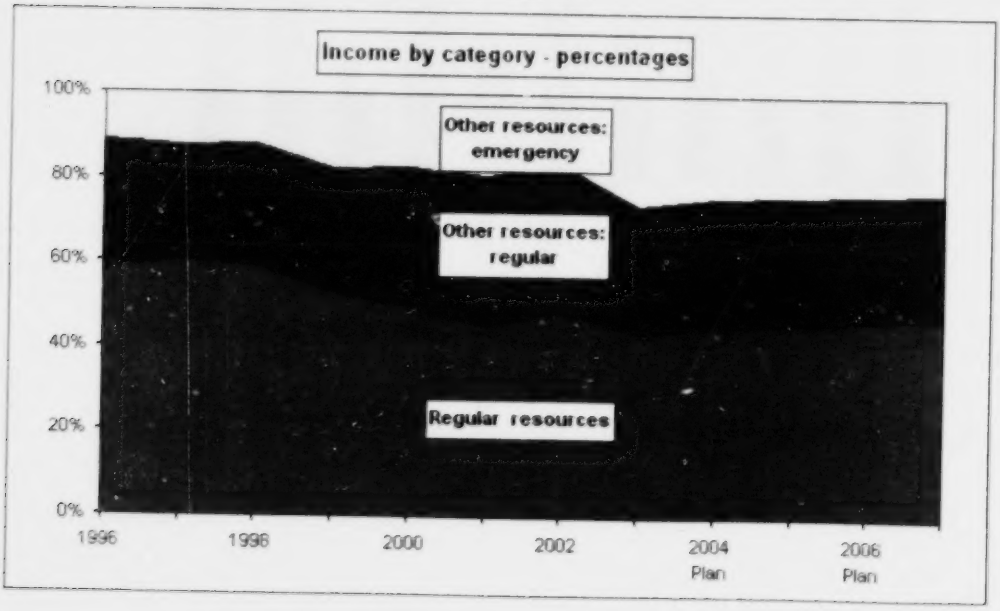


Figure IV

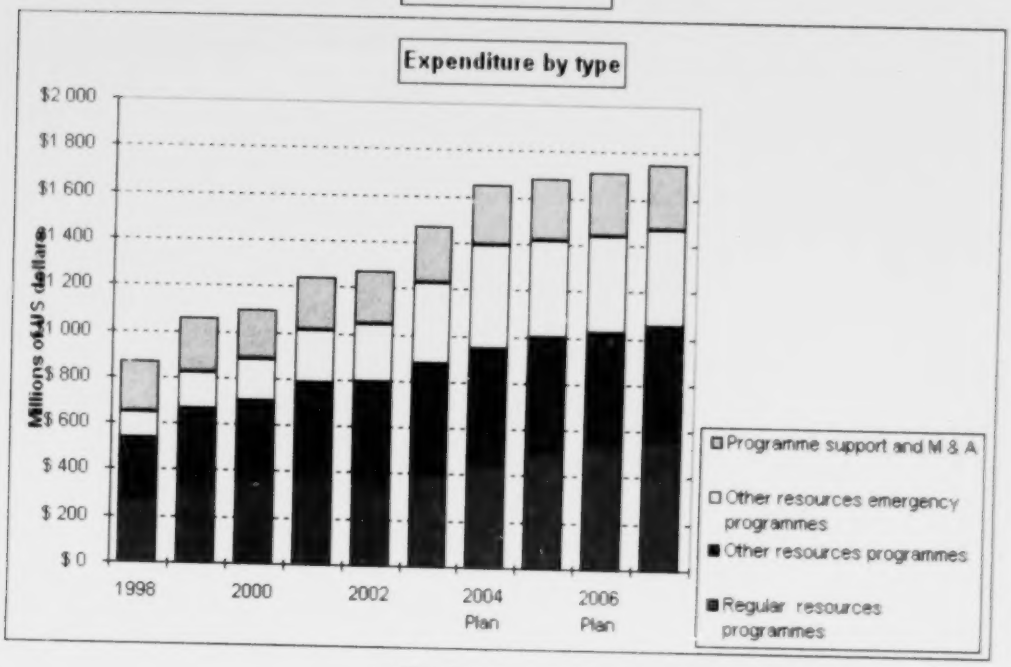
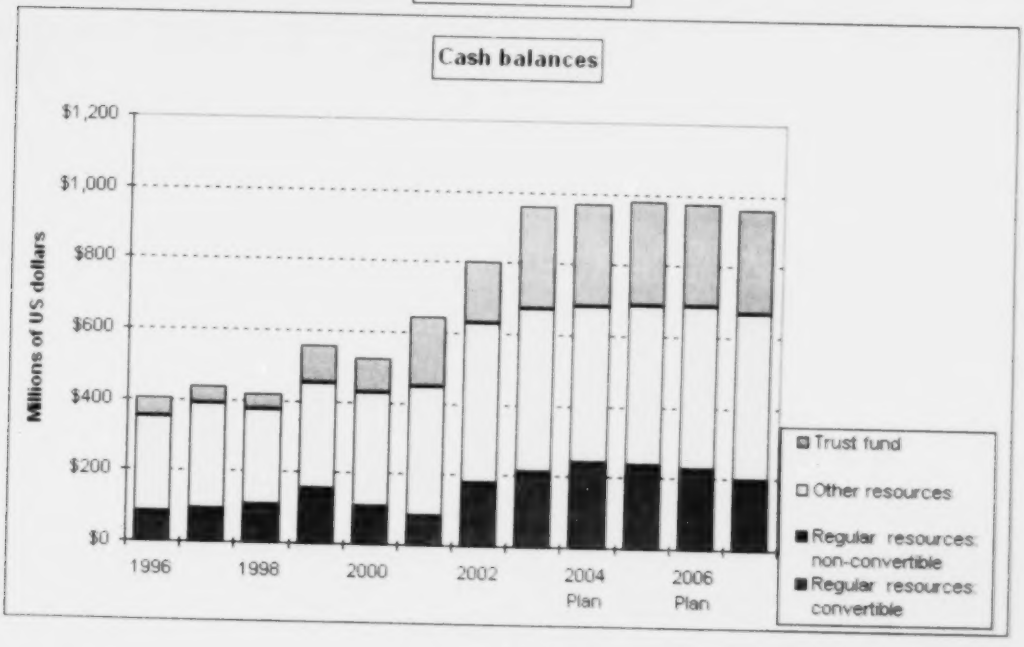


Figure V



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The UNICEF recovery policy: an update

Summary

In its decision 2003/9 (E/ICEF/2003/9/Rev.1), adopted at the annual session of 2003, the Executive Board approved the UNICEF recovery policy and decided to apply, as an interim measure, the methodology described in paragraph 13 of document E/ICEF/2003/AB/L.1 and in its annex II. The methodology would be reviewed by the Executive Board in light of the harmonization discussion among the United Nations agencies. The present report provides a brief update on the status of that discussion under the auspices of the High-Level Committee on Management of the Chief Executives Board.

Also in decision 2003/9, the Executive Board, inter alia, established a recovery rate for non-thematic contributions of 12 per cent and additional reductions of 1 per cent for 90-per-cent upfront payment, 1 per cent for contributions over $500,000, 2 per cent for contributions over $2 million, 3 per cent for contributions over $10 million, and, as a transitional arrangement for 2004, 4 per cent for contributions over $40 million. The Executive Director *recommends* that the 4-per-cent reduction for contributions over $40 million be continued beyond 2004, so that a comprehensive proposal can be prepared for review by the Board at the second regular session of 2005, taking into account the results of the discussions on harmonization and a review of the UNICEF experience in implementing decision 2003/9.

* E/ICEF/2004/12.

04-42697 (E) 090804

Introduction

1. In decision 2003/9 (E/ICEF/2003/9/Rev.1) [see annex for full text], adopted at the annual session of 2003, the Executive Board approved the UNICEF recovery policy and decided to apply, as an interim measure, the methodology described in paragraph 13 of document E/ICEF/2003/AB/L.1 and in its annex II. The methodology would be reviewed by the Executive Board in light of the harmonization discussion among the United Nations agencies. The present report provides a brief update on the status of that discussion under the auspices of the High-Level Committee on Management (HLCM) of the Chief Executives Board.

2. Decision 2003/9 also established a recovery rate for non-thematic contributions of 12 per cent and additional reductions of 1 per cent for 90-per-cent upfront payment, 1 per cent for contributions over $500,000, 2 per cent for contributions over $2 million, 3 per cent for contributions over $10 million, and, as a transitional arrangement for 2004, 4 per cent for contributions over $40 million. The Executive Director recommends that this arrangement be continued beyond 2004 so that a comprehensive proposal can be prepared, taking into account the results of the harmonization discussions and a review of the UNICEF experience to be submitted to the Executive Board at the second regular session of 2005.

Status update on harmonization among United Nations organizations

3. In the framework of the Finance and Budget Network of the HLCM, a working group on support costs related to extra budgetary activities, chaired by the United Nations Educational, Scientific and Cultural Organization, has been reviewing issues pertaining to support cost recovery so as to agree on a common approach. At the first meeting of the working group in December 2003, hosted by UNICEF in New York, the UNICEF secretariat presented its recovery policy, including the principles and methodology used and the rates approved by the Executive Board. At the next meeting, held in Rome in March 2004, the working group reviewed the approaches, methodology and rates of the Food and Agriculture Organization of the United Nations, the United Nations Development Programme, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme and the World Meteorological Organization.

4. In reviewing the methodologies used, the working group has taken into consideration the recommendations of the Joint Inspection Unit on the support costs related to extrabudgetary activities in organizations of the United Nations system (JIU/REP/2002/3), particularly those calling for greater harmonization among organizations.

5. Despite the differences in mandates, operational modalities and cost structures, resulting in a diversity of approaches, methods and definitions, the HLCM working group recognizes the convergence in terms of diagnostic and principles. The group is moving towards a harmonized definition and categorization (fixed cost — direct and indirect; and variable cost — direct and indirect) of support costs even though each organization would have to determine which cost item would fall into which category, depending on its nature and purpose. Most organizations would only recover the variable indirect cost. In terms of a methodology for cost measurement,

the group has identified two approaches: a macro approach, which weights the total support cost through a global analysis; and a micro approach, which follows an in-depth cost measurement based on time surveys.

6. It is recognized that the harmonization of principles, definitions, categorization and approaches would not lead to the same cost recovery rates for all organizations, but will provide transparency in terms of the rates, based upon a common approach agreed upon by the United Nations agencies. The working group will continue its work in the autumn of 2004 to build a consensus on these matters

Status update on UNICEF recovery policy

7. Paragraph 11 of decision 2003/9 requires that the Executive Board review the interim policy at the second regular session of 2005. In anticipation of that review, the following information is provided to establish that even in the short time since the recovery policy was approved, a positive trend is evolving that should meet the expectation of eventually eliminating the subsidy of other resources from regular resources and increasing funding for regular resources programmes.

Thematic contributions

8. The UNICEF recovery policy incorporated the provision for other resources contributions directed to the five priorities of the medium-term strategic plan and to emergencies. This category, called thematic contributions, offers donors a recovery rate reduced by 4 per cent to recognize the reduction in transaction costs attributed to the flexibility of strategic earmarking and donors' acceptance of consolidated reporting. The response to this new modality has been positive, with thematic contributions of $26 million received in 2003 and $34.8 million received as of mid-June 2004, with a total of $64.4 million received since June 2003.

Recovery rates

9. The policy anticipated a mixture of recovery rates that would result over time in a blended rate of 8 to 9 per cent.

10. At the end of 2003, the recovery rate on other resources expenditures was 5 per cent. As of May 2004, the average rate was 5.9 per cent on expenditures. However, the rate attributed to new contributions received (but not expended) in 2004 is averaging 7.51 per cent. This is a positive trend that will continue to increase as older contributions carrying the previous rate of 5 per cent are closed.

Recommendation

11. The Executive Director *recommends* that the Executive Board adopt the following draft recommendation:

The Executive Board,

Recalling Executive Board decision 2003/9 (E/ICEF/2003/9/Rev.1) on the UNICEF recovery policy,

Notes the positive trend in recovering indirect costs attributed the management of other resources contributions;

Appreciates the progress made with other United Nations organizations to harmonize the recovery methodology;

Encourages UNICEF to continue active involvement in the working group of the High-Level Committee on Management on cost recovery;

Decides that the 4-per-cent reduction in the recovery rate for contributions over $40 million will be continued beyond 2004 so that a comprehensive proposal can be prepared for review by the Executive Board at the second regular session of 2005, taking into account the results of the discussions on harmonization and a review of the UNICEF experience in implementing decision 2003/9.

Annex I

2003/9. The UNICEF recovery policy

The Executive Board,

Having reviewed the UNICEF recovery policy, as contained in document E/ICEF/2003/AB/L.1, and the document E/ICEF/2003/AB/L.5 submitted at the present session,

1. *Stresses* that regular resources, inter alia, because of their untied nature, are the bedrock of the operational activities of UNICEF and, in this regard, *notes* with serious concern the stagnation of regular resources available to UNICEF;

2. *Requests* that all donors strive to increase contributions to regular resources and *requests* the Executive Director to hold consultations to encourage donors to increase the proportion of contributions to regular resources;

3. *Endorses* the objectives that other resources support the medium-term strategic plan (MTSP) priorities and that regular resources should not subsidize the support costs for other resources programmes, and *encourages* UNICEF to apply procedures that reduce transaction costs for other resources programmes;

4. *Endorses* the aim of eliminating, in the medium term, the subsidy of support costs for other resources programmes by regular resources;

5. *Calls* on those donors contributing to other resources to consider directing these contributions to thematic areas;[1]

6. *Calls* further on all donors to simplify their administrative and reporting requirements to significantly reduce the administrative costs of their contributions to other resources;

7. *Decides* to apply, as an interim measure, the methodology as described in paragraph 13 of document E/ICEF/2003/AB/L.1 and in its annex II. The methodology will be reviewed by the Executive Board in light of the harmonization discussion among the United Nations agencies;

8. *Authorizes* the Executive Director to apply the following rates[2] to all new agreements to be signed after Executive Board approval of the revised policy on an interim basis:

(a) 5 per cent for all resources raised from the private sector in the programme countries;

(b) For other private sector resources, 5 per cent for thematic contributions and 7 per cent for non-thematic contributions;

(c) For other contributions to thematic areas, 8 per cent, and an additional reduction of 1 per cent for 90 per cent upfront payments;

(d) For non-thematic contributions, 12 per cent and additional reductions of 1 per cent for 90 per cent upfront payment, 1 per cent for contributions over $500,000, 2 per cent for contributions over $2 million, 3 per cent for contributions over $10 million, and, as a transitional arrangement through 2004, 4 per cent for contributions over $40 million;

9. *Recognizes* that the rates approved above constitute a step towards the reduction of the subsidy of the support costs of other resources programmes by regular resources;

10. *Requests* the Executive Director to bring the issue of the recovery policy to the attention of the working group on harmonization and simplification of the United Nations Development Group (UNDG) with a view to harmonizing the methodology used by the UNDG members in devising their recovery policies;

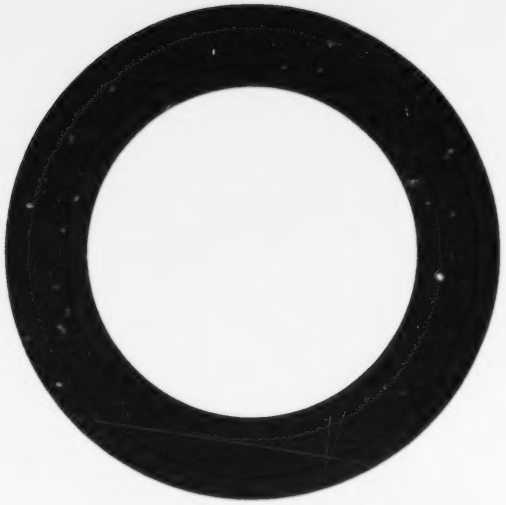
11. *Requests* the Executive Director to report to the Executive Board on the experiences of the recovery policy, especially on actual cost recovery achieved and recovery rates applied to projects during this period, on its effects on the regular resources, as well as on the harmonization efforts undertaken, and to submit proposals for further steps towards the elimination of any remaining subsidy of support costs of other resources programmes by regular resources at the second regular session of the Executive Board in 2005 for a review of this interim policy.

Annual session
5 June 2003

Notes

[1] The thematic areas are the five MTSP priority areas (immunization plus, girls' education, child protection, HIV/AIDS, early childhood development) and humanitarian assistance.

[2] All incentive reductions are applicable to annual contributions.



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Financial report and statements for the biennium ended 31 December 2003

Summary

The present document, submitted for review and noting by the Executive Board, contains the financial report on the accounts of UNICEF for the biennium ended 31 December 2003. The document, comprised of the financial report and 10 statements supported by notes and 3 schedules, summarizes the financial results of transactions made in 2002 and 2003. In line with General Assembly resolution 50/204 of 23 December 1995, and the formats agreed upon by the Chief Executives Board (formally the Administrative Committee on Coordination), the document is prepared to harmonize the presentation of the accounts of the agencies in the United Nations system. A summary of significant accounting policies and other information is included in the notes to the financial statement.

* E/ICEF/2004/12.

04-40188 (E) 050804

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Abbreviations

AGFUND	Arab Gulf Programme for United Nations Development Organizations
CEB	Chief Executives Board for Coordination
CDC	United States Centers for Disease Control and Prevention
CIDA	Canadian International Development Agency
GAVI	Global Alliance for Vaccines and Immunization
ICRC	International Committee of the Red Cross
IFAD	International Fund for Agricultural Development
IFRC	International Federation of Red Cross and Red Crescent Societies
NGOs	non-governmental organizations
OFDA	Office of Foreign Disaster Relief Assistance (USAID)
OPEC	Organization of Petroleum Exporting Countries
NORAD	Norwegian Agency for International Development
PSD	Private Sector Division (UNICEF)
SIDA	Swedish International Development Authority
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDPKO	United Nations Department of Peacekeeping Operations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNJSPF	United Nations Joint Staff Pension Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNODC	United Nations Office on Drug control and Crime
UNOIP	United Nations Office of the Iraq Programme
UNOPS	United Nations Office for Project Services
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNRWA	United Nations Relief and Work Agency for Palestine Refugees in the Near East
USAID	United States Agency for International Development
WHO	World Health Organization

I. Financial report for the biennium ended 31 December 2003

Introduction

1. The Executive Director of the United Nations Children's Fund (UNICEF) submits herewith the financial report of UNICEF, accompanied by 10 statements and supported by 3 schedules. Of these, statements I, II, III and IV are presented in line with the formats agreed upon by the Chief Executives Board (CEB) as a step towards harmonizing the accounts of agencies in the United Nations system. The financial report provides the financial results of UNICEF activities in 2002 and 2003. Highlights are summarized in the following paragraphs.

Income

2. UNICEF income in the biennium 2002-2003 totalled $3,127 million. Virtually all Governments of both industrialized and developing countries contributed to UNICEF in the period 2002-2003. Income comprised $1,425 million for regular resources, $1,018 million for other resources (regular) and $684 million in other resources (emergency). The breakdown of UNICEF income by source is as follows: 65 per cent ($2,034 million) from Governments; 31 per cent ($958 million) from fund-raising campaigns, the sale of greeting cards and individual donations; and 3 per cent ($96 million) from miscellaneous sources, including interest and exchange rate revaluation of assets and liabilities. A total of $39 million (1 per cent) was contributed under inter-organizational arrangements.

Expenditures

3. UNICEF expenditures in the biennium 2002-2003 were $2,736 million. This amount consisted of $1,040 million for programme cooperation from regular resources, $924 million for programme cooperation from other resources (regular), and $606 million for other resources (emergency). The remaining expenditures of $166 million were for management and administration.

Donations-in-kind

4. Donations-in-kind valued by donors at $335 million were delivered by UNICEF to projects during the biennium 2002-2003. These deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Trust funds

5. Trust funds not related to programmes approved by the UNICEF Executive Board are not entered in the financial accounts of UNICEF as income and expenditures. These funds are used mainly to cover the cost of goods and services purchased and delivered on a reimbursable basis by UNICEF on behalf of Governments, other agencies in the United Nations system and non-governmental organizations (NGOs). In the biennium 2002-2003, UNICEF received cash of

$981 million for these trust funds. Disbursements and obligations totalled $835 million.

Cash holdings

6. UNICEF has total cash of $961 million (which includes the unspent balances from trust funds in the amount of $289 million). An amount of $960 million is held in first-class banks, comprising $927 million in interest-bearing term deposit accounts and $33 million in current bank accounts. Cash on hand amounts to $1 million.

Approved programmes

7. During the biennium 2002-2003, the Executive Board approved the amount of $3,186 million for new programmes for children in countries with which UNICEF cooperates, as well as for regional and interregional projects. This total includes $1,411 million in programmes to be funded from UNICEF regular resources and $1,057 million for projects that the Board approved as worthy of support and that were financed by pledges of supplementary funds made in 2002-2003. The total also includes $718 million for projects financed by pledges for emergency relief and rehabilitation.

(*Signed*) Carol **Bellamy**
Executive Director
United Nations Children's Fund

II. Financial statements for the biennium ended 31 December 2003

STATEMENT I

INCOME AND EXPENDITURES AND CHANGES IN RESERVES AND FUND BALANCES
FOR THE BIENNIUM ENDED 31 DECEMBER 2003
(In thousands of United States dollars)

		2002 - 2003				2000 - 2001
			Other resources			
		Regular resources	Supplementary funds	Emergency relief & rehabilitation	Total	Total
INCOME						
Voluntary contributions						
Governments	(schedule 1)	771 115	693 806	584 588	2 049 509	1 514 560
Less: Transfer to biennium support budget	(note 3)	(15 849)			(15 849)	(15 431)
		755 266			2 033 660	1 499 129
Non-governments/private sector	(schedule 1)	3 291	289 695	94 311	387 297	399 452
Private Sector Division	(note 4)	570 796			570 796	324 378
Funds received under inter-organization arrangements	(schedule 1)	2	34 774	4 586	39 362	42 071
Other income						
Interest income		30 368			30 368	65 598
Miscellaneous income	(note 5)	38 543			38 543	41 711
Currency exchange adjustments	(note 6)	26 738			26 738	(23 507)
TOTAL INCOME		1 425 004	1 018 275	683 485	3 126 764	2 348 832
EXPENDITURE						
Programme assistance		739 749	923 760	606 479	2 269 988	1 897 375
Programme support	(statement IV)	300 335			300 335	282 678
Total programme co-operation		1 040 084	923 760	606 479	2 570 323	2 180 053
Management and administration	(statement IV)	165 805			165 805	154 893
TOTAL EXPENDITURES		1 205 889	923 760	606 479	2 736 128	2 334 946
EXCESS OF INCOME OVER EXPENDITURES		219 115	94 515	77 006	390 636	13 886
Write-offs/prior period's adjustments	(note 7)	4 833	4 208	7 360	16 401	13 786
NET EXCESS OF INCOME OVER EXPENDITURES		214 282	90 307	69 646	374 235	100
Reserve balances, 1 January		28 933			28 933	29 222
Transfer to reserves for after-service health insurance	(note 20)	(30 000)			(30 000)	
Increase in reserves		30 081			30 081	(289)
Fund balances, 1 January		183 754	349 233	143 919	676 906	676 806
RESERVES AND FUND BALANCES, 31 DECEMBER		427 050	439 540	213 565	1 080 155	705 839

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

(signed) Ellen YAFEE
Comptroller

(signed) Carol BELLAMY
Executive Director

STATEMENT II

ASSETS, LIABILITIES, RESERVES AND FUND BALANCES

AS AT 31 DECEMBER 2003

(In thousands of United States dollars)

		2003	2001
ASSETS			
Cash and term deposits	(note 8)	961 359	644 550
Accounts receivable			
Contributions receivable	(note 9/schedule 2)	269 093	212 588
Less: Provision for uncollectible contributions	(note 10)	(5 000)	(5 000)
Net contributions receivable		264 093	207 588
Other	(note 11)	344 898	289 086
Inventories	(note 12)	28 519	25 708
Buildings and equipment	(note 13)	13 029	12 720
TOTAL ASSETS		1 611 898	1 179 652
LIABILITIES			
Contributions received in advance	(note 14)	2 750	3 459
Unliquidated obligations	(note 15)	127 891	173 240
Accounts payable	(note 16)	80 255	75 140
Trust funds	(schedule 3)	289 397	197 631
Medical insurance plans	(note 17)	31 450	24 343
TOTAL LIABILITIES		531 743	473 813
RESERVES AND FUND BALANCES			
Reserves			
For procurement services - staff and related costs	(note 18)	2 000	2 000
For insurance	(note 19)	142	131
For capital assets		26 872	26 802
For after-service health insurance	(note 20)	30 000	
Total reserves		59 014	28 933
Fund balances			
Regular resources		368 036	183 754
Supplementary funds		439 540	349 233
Emergency relief and rehabilitation		213 565	143 919
Total fund balances		1 021 141	676 906
TOTAL RESERVES AND FUND BALANCES		1 080 155	705 839
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		1 611 898	1 179 652

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

(signed) Ellen YAFEE
Comptroller

(signed) Carol BELLAMY
Executive Director

STATEMENT III

CASH FLOWS FOR THE BIENNIUM ENDED 31 DECEMBER 2003
(In thousands of United States dollars)

	2003	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net excess of income over expenditures	374 235	100
(Increase) in contributions receivable	(56 505)	(10 072)
(Increase) in other accounts receivable	(55 812)	(27 389)
(Increase) Decrease in other assets	(2 811)	654
Increase (Decrease) in contributions received in advance	(709)	2 469
Increase in accounts payable	12 222	46 788
(Decrease) in unliquidated obligations	(45 349)	(19 062)
Less: Interest income	(30 368)	(65 598)
NET CASH FROM OPERATING ACTIVITIES	194 903	(72 110)
CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES		
Increase in balances on trust funds	91 766	92 670
Plus: Interest income	30 368	65 598
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	122 134	158 268
CASH FLOWS FROM OTHER SOURCES:		
(Increase) in land and buildings	(309)	(45)
Increases (Decrease) in regular resources fund	81	(289)
NET CASH FROM OTHER SOURCES	(228)	(334)
NET INCREASE IN CASH AND TERM DEPOSITS	316 809	85 824
CASH AND TERM DEPOSITS, 1 JANUARY	644 550	558 726
CASH AND TERM DEPOSITS, 31 DECEMBER	961 359	644 550

STATEMENT IV

STATEMENT OF APPROPRIATIONS FOR THE 2002 - 2003 BIENNIUM AS AT 31 DECEMBER 2003

(In thousands of United States dollars)

	Appropriations				Expenditures			
	Original	Supplement	Transfers/ adjustments	Revised	Programme support	Management and administration	Total	Unspent
Programme support								
Country and regional offices	295 653	3 000	(1 682)	296 971	294 013		294 013	2 958
Headquarters	77 463	600	3 155	81 218	79 092		79 092	2 126
Subtotal	373 116	3 600	1 473	378 189	373 105		373 105	5 084
Management and administration	193 053	4 400	(1 473)	195 980		195 758	195 758	222
Total	566 169	8 000		574 169	373 105	195 758	568 863	5 306
Expenditures					373 105	195 758	568 863	
Less: Recovery from packing and assembly activities					7 408		7 408	
Recovery from supplementary-funded and emergency relief and rehabilitation-funded projects a/					60 889	11 598	72 487	
Agency commissions from administration of non-procurement trust funds and Junior Professional Officers						6 979	6 979	
Government contribution towards local costs					571		571	
Transfer from income in respect of income tax reimbursement					3 902	11 376	15 278	
Subtotal					72 770	29 953	102 722	
Net expenditures (statement I)					300 335	165 805	466 140	

a/ The figures are presented in line with the 2002-2003 biennium support budget preparation.

STATEMENT V

ALL FINANCIAL RESOURCES

FOR BIENNIUM ENDED 31 DECEMBER 2003

(In thousands of United States dollars)

	2002 - 2003					2000 - 2001
		Other resources				
	Regular resources	Supplementary funds	Emergency relief & rehabilitation	Trust funds	Total	Total
Opening balances	183 754	349 233	143 919	122 593	799 499	769 317
Income/receipts	1 425 004	1 018 275	683 485	980 645	4 107 409	2 960 865
Funds available	1 608 758	1 367 508	827 404	1 103 238	4 906 908	3 730 182
Expenditures/disbursements	1 205 889	923 760	606 479	834 864	3 570 992	2 916 897
Write-offs/prior periods' adjustments	4 833	4 208	7 360		16 401	13 786
Transfer to reserve for after-service health insurance	30 000				30 000	
Closing balances	368 036	439 540	213 565	268 374	1 289 515	799 499

STATEMENT VI
STATUS OF FUNDING FOR APPROVED REGULAR RESOURCES, SUPPLEMENTARY FUNDS AND EMERGENCY RELIEF AND REHABILITATION AS AT 31 DECEMBER 2003

(In thousands of United States dollars)

	Regular resources	Other resources		Total
		Supplementary funds	Emergency relief and rehabilitation	
Unspent balances of programmes as at 1 January 2002	1 917 903	436 547	146 704	2 501 154
Approved at the Executive Board sessions a/				
New programmes	1 313 256			1 313 256
Made between Executive Board sessions b/	97 402	1 057 091	718 264	1 872 757
Write-off of pledges		(5 656)	(6 613)	(12 269)
Programme cancellations c/	(173 194)			(173 194)
Savings of 2002-2003 budget	(5 306)			(5 306)
Recoveries to the budget	(102 723)			(102 723)
Subtotal	3 047 338	1 487 982	858 355	5 393 675
Expenditures	1 205 889	923 760	606 479	2 736 128
Unspent balances of programmes as at 31 December 2003	1 841 449	564 222	251 876	2 657 547
Fund balance as at 31 December 2003	368 036	439 540	213 565	1 021 141
To be financed from future income	1 473 413	124 682	38 311	1 636 406

a/ E/ICEF/2001/P/L.73 (decision 2001/14), E/ICEF/2001/AB/L.10 (decision 2001/13), E/ICEF/2001/P/L.74 (decision 2001/16), E/ICEF/2002/P/L.35, E/ICEF/2002/P/L.36 (decision 2002/10), E/ICEF/2003/P/L.14 (decision 2003/7), E/ICEF/2003/P/L.19, E/ICEF/2003/P/L.20, E/ICEF/2003/AB/L.13 (decision 2003/16)

b/ 2002 and 2003 programme budget allotments arising from PSD income, regular resources for unfunded other resources projects.

c/ Regular resources programme cancellations represent unspent balances in the amounts approved by the Executive Board for various programme recommendations which expired from 2000 to 2003.

STATEMENT VII

PROGRAMME COOPERATION: STATEMENT OF APPROVED PROGRAMMES, EXPENDITURES AND UNSPENT BALANCES FOR REGULAR RESOURCES, SUPPPLEMENTARY FUNDS AND EMERGENCY RELIEF AND REHABILITATION FOR THE BIENNIUM ENDED 31 DECEMBER 2003

(In Thousands of United States dollars)

Area and Country Assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
AFRICA					
Angola	15 863	49 506	65 369	51 064	14 305
Benin	4 183	18 111	22 294	9 191	13 103
Botswana	2 134	4 628	6 762	3 913	2 849
Burkina Faso	22 184	7 245	29 429	15 854	13 575
Burundi	9 477	13 696	23 173	15 927	7 246
Cameroon	5 272	17 256	22 528	8 223	14 305
Cape Verde	2 714	509	3 223	2 008	1 215
Central African Republic	8 577	3 050	11 627	5 373	6 254
Chad	13 085	5 961	19 046	9 463	9 583
Comoros	1 681	3 169	4 850	1 671	3 179
Congo	1 525	9 897	11 422	5 944	5 478
Cote d'Ivoire	5 189	27 226	32 415	9 908	22 507
Democratic Republic of the Congo	20 539	85 118	105 657	61 187	44 470
Equatorial Guinea	5 237	(1 326)	3 911	1 641	2 270
Eritrea	14 350	21 944	36 294	18 978	17 316
Ethiopia	94 864	76 195	171 059	82 581	88 478
Gabon	3 982	(501)	3 481	1 388	2 093
Gambia	6 325	173	6 498	2 968	3 530
Ghana	21 144	17 708	38 852	19 823	19 029
Guinea	15 571	7 187	22 758	13 020	9 738
Guinea-Bissau	3 645	6 763	10 408	4 447	5 961
Kenya	11 198	39 500	50 698	20 050	30 648
Lesotho	8 358	1 969	10 327	4 903	5 424
Liberia	4 234	17 752	21 986	11 149	10 837
Madagascar	13 616	6 938	20 554	12 649	7 905
Malawi	30 974	30 895	61 869	35 522	26 347
Mali	9 704	34 454	44 158	17 670	26 488
Mauritania	3 793	13 777	17 570	7 151	10 419
Mauritius	1 720	(740)	980	933	47
Mozambique	59 701	16 640	76 341	33 641	42 700
Namibia	4 954	3 564	8 518	5 175	3 343
Niger	22 597	31 485	54 082	17 545	36 537
Nigeria	137 213	14 540	151 753	53 040	98 713
Rwanda	14 134	8 120	22 254	12 144	10 110
Sao Tome and Principe	3 832	(744)	3 088	1 214	1 874
Senegal	14 932	9 234	24 166	12 663	11 503
Sierra Leone	12 734	30 543	43 277	23 703	19 574
Somalia	24 389	51 397	75 786	42 725	33 061
South Africa	7 080	6 273	13 353	7 760	5 593
Swaziland	5 358	5 654	11 012	6 228	4 784
Togo	9 276	2 167	11 443	5 031	6 412
Uganda	31 831	13 289	45 120	24 051	21 069

Area and Country Assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
United Republic of Tanzania	45 838	16 938	62 776	26 693	36 083
Zambia	23 736	17 447	41 183	23 506	17 677
Zimbabwe	9 835	19 828	29 663	17 568	12 095
Regional	13 215	25 058	38 273	30 115	8 158
Area total	801 793	789 493	1 591 286	797 401	793 885
THE AMERICAS AND THE CARIBBEAN					
Argentina	5 115	1 495	6 610	4 142	2 468
Belize	3 859	(575)	3 284	1 288	1 996
Bolivia	2 989	17 450	20 439	8 355	12 084
Brazil	20 187	11 176	31 363	21 560	9 803
Chile	2 923	(481)	2 442	1 668	774
Colombia	8 155	5 967	14 122	7 784	6 338
Costa Rica	3 780	(419)	3 361	1 235	2 126
Cuba	4 817	350	5 167	2 537	2 630
Dominican Republic	5 968	7 917	13 885	8 147	5 738
Ecuador	2 625	8 029	10 654	4 797	5 857
El Salvador	6 745	2 276	9 021	5 880	3 141
Guatemala	8 149	6 626	14 775	7 661	7 114
Guyana	2 932	835	3 767	1 743	2 024
Haiti	11 745	4 213	15 958	7 253	8 705
Honduras	5 803	1 594	7 397	3 820	3 577
Jamaica	4 788	1 146	5 934	3 154	2 780
Mexico	6 309	1 910	8 219	3 688	4 531
Nicaragua	8 376	10 983	19 359	6 631	12 728
Panama	3 095	(127)	2 968	1 807	1 161
Paraguay	3 562	1 067	4 629	1 800	2 829
Peru	6 581	2 997	9 578	6 585	2 993
Uruguay	3 109	(601)	2 508	1 205	1 303
Venezuela	4 819	(351)	4 468	2 252	2 216
Regional	5 504	10 248	15 752	6 810	8 942
Area total	141 935	93 725	235 660	121 802	113 858
EAST ASIA AND THE PACIFIC					
Cambodia a/	17 305	39 433	56 738	30 018	26 720
China a/	73 959	(12 943)	61 016	31 131	29 885
Democratic People's Republic of Korea	4 811	16 841	21 652	15 721	5 931
Indonesia	55 427	(8 197)	47 230	32 231	14 999
Lao People's Democratic Republic a/	11 252	7 807	19 059	7 933	11 126
Malaysia	1 635	(133)	1 502	830	672
Mongolia	5 191	1 570	6 761	3 159	3 602
Myanmar	36 873	4 606	41 479	22 607	18 872
Pacific island countries	4 368	9 663	14 031	4 682	9 349
Papua New Guinea a/	1 208	6 901	8 109	2 681	5 428
Philippines	7 050	9 409	16 459	12 419	4 040
Thailand a/	9 823	3 676	13 499	6 348	7 151

STATEMENT VII (continued)

Area and Country Assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Timor-Leste	4 953	15 049	20 002	8 978	11 024
Viet Nam	38 942	(3 447)	35 495	17 483	18 012
Area total	272 797	90 235	363 032	196 221	166 811
SOUTH ASIA					
Afghanistan	47 684	183 087	230 771	179 416	51 355
Bangladesh	90 783	24 386	115 139	58 671	56 468
Bhutan	6 390	1 419	7 809	3 867	3 942
India	85 514	225 967	311 481	140 328	171 153
Maldives	827	3 167	3 989	1 286	2 703
Nepal	26 650	15 569	42 219	21 348	20 871
Pakistan	26 823	103 046	129 869	44 831	85 038
Sri Lanka	7 437	25 566	33 003	18 393	14 610
Area total	292 071	582 207	874 280	468 140	406 140
MIDDLE EAST AND NORTH AFRICA					
Algeria	7 401	830	8 231	3 768	4 463
Djibouti	1 658	3 995	5 653	1 551	4 102
Egypt	20 970	8 086	29 056	14 307	14 749
Iran (Islamic Republic of)	6 457	4 804	11 261	7 077	4 184
Iraq	9 915	182 022	191 937	93 139	98 798
Jordan	1 914	4 840	6 754	3 090	3 664
Kuwait	30		30		30
Lebanon	3 771	924	4 695	2 505	2 190
Morocco	8 870	2 162	11 032	4 132	6 900
Oman	2 120	(826)	1 294	1 124	170
Palestinian children and mothers	5 153	18 000	23 153	13 734	9 419
Sudan	35 840	72 308	108 148	74 286	33 862
Syrian Arab Republic	5 816	(162)	5 654	2 268	3 386
Tunisia	4 942	(770)	4 172	1 735	2 437
Yemen	29 591	1 625	31 216	10 571	20 645
Regional	383	33 550	33 933	15 326	18 607
Area total	144 831	331 388	476 219	248 613	227 606
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	9 006	2 415	11 421	6 008	5 413
Armenia	2 765	668	3 433	2 405	1 028
Azerbaijan	3 685	441	4 126	2 478	1 648
Belarus	2	2 551	2 553	845	1 708
Bulgaria		214	214		214
Bosnia and Herzegovina	6 642	5 051	11 693	6 769	4 924
Croatia	255	233	488	221	267
Georgia	4 138	(102)	4 033	1 990	2 043

STATEMENT VII (continued)

Area and Country Assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Kazakhstan	3 623	203	3 826	2 581	1 245
Kosovo, Serbia and Montenegro	6 023	5 960	11 983	9 062	2 921
Kyrgyzstan	2 942	856	3 798	2 306	1 492
Republic of Moldova	4 239	3 163	7 402	3 218	4 184
Romania	5 396	3 556	8 952	5 256	3 696
Russian Federation	283	11 046	11 329	7 686	3 643
Serbia and Montenegro	10 429	6 622	17 051	11 642	5 409
Tajikistan	5 922	5 806	11 728	8 199	3 529
The former Yugoslav Republic of Macedonia	4 279	3 041	7 320	4 560	2 760
Turkey	6 285	1 056	7 341	4 071	3 270
Turkmenistan	2 728	1 226	3 954	2 559	1 395
Ukraine	15	4 650	4 665	1 915	2 750
Uzbekistan	8 402	950	9 352	7 168	2 184
Yugoslavia (former)	25		25	1	24
Regional	12 474	13 590	26 064	14 120	11 944
Area total	99 555	73 196	172 751	105 069	67 091
GLOBAL ASSISTANCE					
Emergency Programme Fund a/	42 229	34 743	76 972	29 861	47 111
Immunization	4 809	2 503	7 312	3 775	3 537
Intercountry programmes a/	128 671	285 243	413 914	289 361	124 553
Innocenti Research Centre	4 779	10 158	14 937	7 488	7 449
Special Session on Children	1 513	753	2 266	2 266	
Total GLOBAL ASSISTANCE	182 001	333 400	515 401	332 751	182 650
TOTAL PROGRAMME ASSISTANCE	1 934 985	2 293 644	4 228 629	2 269 988	1 958 641
Programme Support	373 116	469 091	842 207	373 105	469 102
Management and administration	193 053	232 509	425 562	195 758	229 804
Recoveries to the budget		(102 723)	(102 723)	(102 723)	
TOTAL BUDGET	566 169	598 877	1 165 046	466 140	698 906
TOTAL COOPERATION	2 501 154	2 892 521	5 393 675	2 736 128	2 657 547

a/ Approved programmes unspent balances as at January 2002 have been reclassified between countries, regional, and global assistance

E/ICEF/2004/AB/L.6

STATEMENT VII.1

PROGRAMME COOPERATION: STATEMENT OF APPROVED PROGRAMMES, EXPENDITURES AND UNSPENT BALANCES
FOR REGULAR RESOURCES FOR THE BIENNIUM ENDED 31 DECEMBER 2003

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
AFRICA					
Angola	6 780	11 324	18 104	12 379	5 725
Benin	1 993	10 969	12 962	3 330	9 632
Botswana	877	4 228	5 105	2 491	2 614
Burkina Faso	18 728	(873)	17 855	9 293	8 562
Burundi	8 115		8 115	4 948	3 167
Cameroon	3 158	14 228	17 386	5 381	12 005
Cape Verde	1 922		1 922	1 253	669
Central African Republic	7 906	627	8 533	3 679	4 854
Chad	11 916	686	11 702	5 270	6 432
Comoros	1 448	2 634	4 082	1 250	2 832
Congo	1 018	7 453	8 471	3 546	4 925
Cote d'Ivoire	4 809	16 439	21 248	6 320	14 928
Democratic Republic of the Congo	16 727	52 668	69 395	36 151	33 244
Equatorial Guinea	4 948	(1 680)	3 268	1 305	1 963
Eritrea	7 343	(123)	7 220	2 940	4 280
Ethiopia	81 235	(303)	80 932	28 569	52 363
Gabon	3 975	(874)	3 101	1 259	1 842
Gambia	5 251	(1 362)	3 889	1 396	2 493
Ghana	16 388	(2 140)	14 248	6 915	7 331
Guinea	12 275	456	12 731	5 194	7 537
Guinea-Bissau	1 539	5 124	6 663	2 120	4 543
Kenya	5 678	30 280	35 958	9 890	26 068
Lesotho	6 710	(230)	6 480	2 473	4 007
Liberia	1 655	5 510	7 165	3 804	3 361
Madagascar	11 570	4 355	15 925	9 792	6 133
Malawi	24 841	(92)	24 749	9 598	15 151
Mali	7 104	24 684	31 788	9 855	21 933
Mauritania	1 989	7 666	9 655	2 556	7 099
Mauritius	1 706	(738)	968	924	44
Mozambique	38 349	635	38 984	14 194	24 790
Namibia	3 382	102	3 484	1 844	1 640
Niger	20 608	25 324	45 932	12 777	33 155
Nigeria	131 831	(5 140)	126 691	39 647	87 044

STATEMENT VII (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Rwanda	12 316	1 032	13 348	5 625	7 723
Sao Tome and Principe	3 833	(777)	3 056	1 214	1 842
Senegal	10 521	119	10 640	4 139	6 501
Sierra Leone	5 539	13 544	19 083	6 837	12 246
Somalia	9 062	23 570	32 632	9 621	23 011
South Africa	5 144	503	5 647	2 703	2 944
Swaziland	3 970	159	4 129	2 323	1 806
Togo	8 331	165	8 496	3 316	5 180
Uganda	24 496	(3 479)	21 017	10 276	10 741
United Republic of Tanzania	40 757	(890)	39 867	14 906	24 961
Zambia	18 590	675	19 265	7 276	11 989
Zimbabwe	5 154	1 073	6 227	3 804	2 423
Area total	620 587	247 531	868 118	334 383	533 735
THE AMERICAS AND THE CARIBBEAN					
Argentina	2 023	(1 028)	995	906	89
Belize	3 726	(716)	3 010	1 095	1 915
Bolivia	1 243	6 069	7 312	2 364	4 948
Brazil	8 749	(4 347)	4 402	2 291	2 111
Chile	2 885	(1 085)	1 800	1 173	627
Colombia	5 296	(110)	5 186	1 710	3 476
Costa Rica	3 765	(718)	3 047	1 165	1 882
Cuba	4 120	(1 032)	3 088	982	2 106
Dominican Republic	4 473	(785)	3 688	1 371	2 317
Ecuador	1 476	4 519	5 995	1 711	4 284
El Salvador	4 536	(1 095)	3 441	1 282	2 159
Guatemala	5 323	(645)	4 678	1 636	3 042
Guyana	2 699	735	3 434	1 509	1 925
Haiti	9 989	2 629	12 618	5 345	7 273
Honduras	5 102	502	5 604	2 272	3 332
Jamaica	3 777	(398)	3 379	1 257	2 122
Mexico	5 071	(593)	4 478	1 853	2 625
Nicaragua	5 174	(659)	4 515	1 399	3 116
Panama	2 780	(457)	2 323	1 210	1 113
Paraguay	3 426	150	3 576	1 458	2 118
Peru	3 857	(56)	3 801	1 886	1 915
Uruguay	2 618	(687)	1 931	1 172	759

STATEMENT VII-1 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Venezuela	4 262	(1 090)	3 172	1 347	1 825
Regional	1 853	8 157	10 010	3 646	6 364
Area total	98 223	7 260	105 483	42 040	63 443
EAST ASIA AND THE PACIFIC					
Cambodia	13 312	1 225	14 537	6 851	7 686
China	69 589	(21 057)	48 502	23 381	25 121
Democratic People's Republic of Korea	1 961	6 240	8 201	4 551	3 650
Indonesia	47 894	(26 764)	21 130	10 584	10 546
Lao People's Democratic Republic	8 226	(107)	8 119	2 965	5 154
Malaysia	1 635	(133)	1 502	830	672
Mongolia	4 428	(115)	4 313	1 793	2 520
Myanmar	31 293	(2 714)	28 579	14 591	13 988
Pacific island countries	3 557	8 746	12 303	3 810	8 493
Papua New Guinea	1 161	5 567	6 728	2 183	4 545
Philippines	4 608	3 122	7 730	5 383	2 347
Thailand	6 429	(1 530)	4 899	1 799	3 100
Timor-Leste	324	3 615	3 939	2 668	1 271
Viet Nam	31 147	(13415)	17 732	8 149	9 583
Area total	225 534	(37 320)	188 214	89 538	98 676
SOUTH ASIA					
Afghanistan	10 267	32 260	42 527	23 709	18 818
Bangladesh	71 891	(19 068)	52 823	22 138	30 685
Bhutan	5 005	(614)	4 391	1 685	2 706
India	34 974	152 894	187 868	56 722	131 146
Maldives	772	3 080	3 852	1 169	2 683
Nepal	21 804	790	22 594	7 463	15 131
Pakistan	23 937	66 873	90 810	23 727	67 083
Sri Lanka	4 458	99	4 557	1 850	2 707
Area total	173 108	236 314	409 422	138 463	270 959
MIDDLE EAST AND NORTH AFRICA					
Algeria	6 611	(844)	5 767	2 104	3 663
Djibouti	1 333	3 510	4 843	1 251	3 592

STATEMENT VII (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Egypt	15 580	(4 477)	11 103	5 171	5 932
Iran (Islamic Republic of)	5 528	508	6 036	3 656	2 380
Iraq	6 459	492	6 951	4 101	2 850
Jordan	1 105	3 340	4 445	1 345	3 100
Lebanon	3 384	(207)	3 177	1 240	1 937
Morocco	7 898	(255)	7 643	2 960	4 683
Oman	2 025	(1 054)	971	926	45
Palestinian children and mothers	3 784	4 028	7 812	4 444	3 368
Sudan	25 302	5 056	30 358	14 601	15 757
Syrian Arab Republic	5 815	(932)	4 883	1 764	3 119
Tunisia	4 624	(1 049)	3 575	1 395	2 180
Yemen	19 114	215	19 329	6 466	12 863
Regional	383	250	633	616	17
Area total	108 945	8 581	117 526	52 040	65 486
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	3 422	(544)	2 878	1 383	1 495
Armenia	2 000	48	2 048	1 325	723
Azerbaijan	2 812	118	2 930	1 823	1 107
Belarus		1 991	1 991	668	1 323
Bosnia and Herzegovina	2 080	(43)	2 037	1 098	939
Croatia	2	169	171	188	(17)
Georgia	3 467	(556)	2 911	1 394	1 517
Kazakhstan	2 902	13	2 915	1 915	1 000
Kosovo, Serbia and Montenegro	900	3 200	4 100	2 611	1 489
Kyrgyzstan	2 431	522	2 953	1 796	1 157
Republic of Moldova	4 022	(446)	3 576	1 294	2 282
Romania	2 277		2 277	1 389	888
Russian Federation		2 881	2 881	975	1 906
Tajikistan	3 920	585	4 505	3 121	1 384
The former Yugoslav Republic of Macedonia	1 845	124	1 969	1 252	717
Turkey	4 271	(377)	3 894	1 665	2 229
Turkmenistan	2 567	448	3 015	1 915	1 100
Ukraine		3 390	3 390	1 147	2 243
Uzbekistan	5 016	537	5 553	3 684	1 869
Serbia and Montenegro	1 401	499	1 900	1 021	879

STATEMENT VII-1 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Yugoslavia (former)	1		1		1
Regional	5 285	3 927	9 212	4 392	4 820
Area total	50 621	16 486	67 107	36 056	31 051
GLOBAL ASSISTANCE					
Emergency Programme Fund	41 678	17 766	59 444	17 380	42 064
Immunization	688		688	(49)	737
Intercountry programmes	32 350	33 940	66 290	29 898	36 392
TOTAL GLOBAL ASSISTANCE	74 716	51 706	126 422	47 229	79 193
TOTAL PROGRAMME ASSISTANCE	1 351 734	530 558	1 882 292	739 749	1 142 543
Programme support	373 116	469 091	842 207	373 105	469 102
Management and administration	193 053	232 509	425 562	195 758	229 804
Recoveries to the budget		(102 723)	(102 723)	(102 723)	
TOTAL BUDGET	566 169	598 877	1 165 046	466 140	698 906
TOTAL COOPERATION	1 917 903	1 129 435	3 047 338	1 205 889	1 841 449

STATEMENT AD.2

PROGRAMME COOPERATION: STATEMENT OF APPROVED PROGRAMMES, EXPENDITURES AND UNSPENT BALANCES
FOR SUPPLEMENTARY FUNDS FOR THE BIENNIUM ENDED 31 DECEMBER 2003

(In thousands of United States dollars)

Area and country assistance	Approved programmes unspent balances as at 1 January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
AFRICA					
Angola	5 094	8 722	13 816	8 698	5 118
Benin	2 179	7 142	9 321	5 861	3 460
Botswana	1 234	481	1 715	1 422	293
Burkina Faso	3 456	7 968	11 424	6 380	5 044
Burundi	1 345	1 586	2 931	1 541	1 390
Cameroon	2 114	3 028	5 142	2 842	2 300
Cape Verde	792	509	1 301	755	546
Central African Republic	560	2 246	2 806	1 581	1 225
Chad	2 068	5 275	7 343	4 193	3 150
Comoros	233	62	295	196	99
Congo	382	931	1 313	1 205	108
Cote D'Ivoire	368	2 403	2 771	799	1 972
Democratic Republic of the Congo	4 053	14 164	18 217	12 560	5 657
Equatorial Guinea	289	354	643	336	307
Eritrea	5 587	8 823	14 410	5 553	8 857
Ethiopia	8 986	31 361	40 347	20 290	20 057
Gabon	7	373	380	129	251
Gambia	1 074	1 535	2 609	1 572	1 037
Ghana	4 756	19 717	24 473	12 836	11 637
Guinea	1 760	5 182	6 942	4 992	1 950
Guinea-Bissau	1 971	1 743	3 714	2 327	1 387
Kenya	3 739	5 299	9 038	5 302	3 736
Lesotho	1 648	1 418	3 066	2 007	1 059
Liberia	1 587	3 172	4 759	2 150	2 609
Madagascar	1 785	2 583	4 368	2 770	1 598
Malawi	6 133	21 756	27 889	19 481	8 408
Mali	2 600	9 673	12 273	7 685	4 588
Mauritania	1 804	3 847	5 651	3 557	2 094
Mauritius	14	(2)	12	9	3
Mozambique	13 438	10 796	24 234	10 093	14 141
Namibia	1 572	3 462	5 034	3 331	1 703
Niger	1 989	6 161	8 150	4 768	3 382
Nigeria	5 382	19 680	25 062	13 393	11 669

STATEMENT VII.2 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Rwanda	2 039	5 832	7 871	4 491	3 180
Sao Tome and Principe	(1)	33	32		32
Senegal	4 378	6 754	11 132	6 939	4 193
Sierra Leone	1 826	6 059	7 885	4 615	3 270
Somalia	8 875	9 744	18 619	11 887	6 732
South Africa	1 936	5 770	7 706	5 057	2 649
Swaziland	1 388	2 292	3 680	2 676	1 004
Togo	945	2 002	2 947	1 715	1 232
Uganda	7 336	10 999	18 335	9 412	8 923
United Republic of Tanzania	5 001	15 878	20 879	11 393	9 486
Zambia	5 038	12 126	17 164	13 021	4 143
Zimbabwe	4 261	6 831	11 092	7 697	3 395
Regional	214	740	954	109	845
Area total	133 235	296 310	429 545	249 626	179 919
THE AMERICAS AND THE CARIBBEAN					
Argentina	3 092	2 523	5 615	3 236	2 379
Belize	72	47	119	38	81
Bolivia	1 744	11 381	13 125	5 991	7 134
Brazil	11 438	15 523	26 961	19 269	7 692
Chile	38	604	642	495	147
Colombia	2 707	4 794	7 501	5 924	1 577
Costa Rica	15	299	314	70	244
Cuba	498	1 382	1 880	1 357	523
Dominican Republic	1 495	8 667	10 162	6 738	3 424
Ecuador	1 127	3 510	4 637	3 086	1 551
El Salvador	954	2 092	3 046	2 119	927
Guatemala	2 751	7 271	10 022	5 853	4 169
Guyana	233	100	333	234	99
Haiti	1 756	1 584	3 340	1 908	1 432
Honduras	701	1 052	1 753	1 474	279
Jamaica	1 011	1 544	2 555	1 897	658
Mexico	1 238	2 503	3 741	1 835	1 906
Nicaragua	3 202	11 642	14 844	5 232	9 612
Panama	315	330	645	597	48
Paraguay	136	917	1 053	342	711
Peru	2 562	2 689	5 251	4 198	1 053
Uruguay	491	88	577	33	544

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Venezuela	509	851	1 360	983	377
Regional	2 027	2 028	4 055	2 668	1 387
Area total	40 112	83 419	123 531	75 577	47 954
EAST ASIA AND THE PACIFIC					
Cambodia	4 033	38 208	42 241	23 167	19 074
China	4 403	7 617	12 020	7 254	4 766
Democratic People's Republic of Korea	617	895	1 512	978	534
Indonesia	4 834	13 973	18 807	15 066	2 741
Lao People's Democratic Republic	3 026	7 914	10 940	4 968	5 972
Mongolia	659	1 685	2 344	1 300	1 044
Myanmar	5 580	7 320	12 900	8 016	4 884
Pacific island countries	811	917	1 728	872	856
Papua New Guinea	47	1 334	1 381	498	883
Philippines	2 442	6 287	8 729	7 036	1 693
Thailand	3 394	5 206	8 600	4 549	4 051
Timor-Leste	1 820	10 685	12 505	3 479	9 026
Viet Nam	7 646	9 968	17 614	9 199	8 415
Area total	39 312	112 009	151 321	86 382	64 939
SOUTH ASIA					
Afghanistan	1 085	25 881	26 966	9 273	17 693
Bangladesh	18 574	43 440	62 014	36 452	25 562
Bhutan	1 385	2 033	3 418	2 182	1 236
India	37 500	71 391	108 891	70 708	38 183
Maldives	50	87	137	117	20
Nepal	4 846	14 779	19 625	13 885	5 740
Pakistan	2 883	36 173	39 056	21 104	17 952
Sri Lanka	1 390	4 963	6 353	4 381	1 972
Area total	67 713	198 747	266 460	158 102	108 358
MIDDLE EAST AND NORTH AFRICA					
Algeria	790	1 268	2 058	1 353	705
Djibouti	274	531	805	289	516
Egypt	5 390	12 563	17 953	9 136	8 817

STATEMENT VII.2 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2002
Iran (Islamic Republic of)	311	2 558	2 869	2 136	733
Iraq	2 967	3 730	6 697	4 126	2 571
Jordan	815	1 437	2 252	1 662	590
Lebanon	387	1 131	1 518	1 256	262
Morocco	972	2 417	3 389	1 172	2 217
Oman	95	228	323	198	125
Palestinian children and mothers	1 332	7 126	8 458	4 266	4 192
Sudan	1 346	5 965	7 311	5 789	1 522
Syrian Arab Republic	9	371	372	82	290
Tunisia	318	279	597	340	257
Yemen	10 476	1 410	11 886	4 105	7 781
Regional		158	158	48	110
Area total	25 474	41 172	66 646	35 958	30 688
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	4 711	3 201	7 912	4 234	3 678
Armenia	777	620	1 397	1 080	317
Azerbaijan	870	323	1 193	654	539
Belarus		560	560	177	383
Bosnia and Herzegovina	1 344	4 157	5 501	2 712	2 789
Bulgaria		214	214		214
Croatia	1	65	66	2	64
Georgia	630	454	1 084	595	489
Kazakhstan	721	190	911	666	245
Kosovo, Serbia and Montenegro		1 978	1 978	634	1 344
Kyrgyzstan	511	334	845	510	335
Republic of Moldova	217	3 609	3 826	1 924	1 902
Romania	3 113	3 556	6 669	3 867	2 802
Russian Federation	262	1 905	2 167	1 184	983
Tajikistan	341	1 402	1 743	705	1 038
The former Yugoslav Republic of Macedonia	132	2 352	2 484	567	1 917
Turkey	1 226	861	2 087	1 105	982
Turkmenistan	157	293	450	159	291
Ukraine		1 260	1 260	768	492
Uzbekistan	3 386	131	3 517	3 202	315

STATEMENT VII (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Serbia and Montenegro	406	5 740	6 146	2 249	3 897
Regional	4 321	4 879	9 200	5 299	3 901
Area total	23 126	38 084	61 210	32 293	28 917
GLOBAL ASSISTANCE					
Emergency Programme Fund	851	16 977	17 828	12 781	5 047
Immunization	4 121	2 503	6 624	3 824	2 800
Intercountry programmes	96 311	251 303	347 614	259 463	88 151
Innocenti Research Centre	4 779	10 158	14 937	7 488	7 449
Special Session on Children	1 513	753	2 266	2 266	
TOTAL GLOBAL ASSISTANCE	107 575	281 694	389 269	285 822	103 447
TOTAL PROGRAMME ASSISTANCE	436 547	1 051 435	1 487 982	923 760	564 222

E/ICEF/2004/AB/L.6
9 JUNE 2004

STATEMENT VII-3

PROGRAMME COOPERATION: STATEMENT OF APPROVED PROGRAMMES, EXPENDITURES AND UNSPENT BALANCES FOR EMERGENCY RELIEF AND REHABILITATION FOR THE BIENNIUM ENDED 31 DECEMBER 2003

(In Thousands of United States dollars)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
AFRICA					
Angola	3 989	29 460	33 449	29 987	3 462
Benin	11		11		11
Botswana	23	(81)	(58)		(58)
Burundi	17	12 110	12 127	9 438	2 689
Burkina Faso		150	150	183	(33)
Central African Republic	111	177	288	113	175
Chad	1		1		1
Comoros		473	473	225	248
Congo	125	1 513	1 638	1 193	445
Cote d'Ivoire	12	8 384	8 396	2 789	5 607
Democratic Republic of the Congo	(241)	18 286	18 045	12 476	5 569
Eritrea	1 420	13 244	14 664	10 485	4 179
Ethiopia	4 643	45 137	49 780	33 724	16 058
Ghana		131	131	72	59
Guinea	1 536	1 549	3 085	2 834	251
Guinea-Bissau	135	(104)	31		31
Kenya	1 781	3 921	5 702	4 858	844
Lesotho		781	781	423	358
Liberia	992	9 070	10 062	5 195	4 867
Madagascar	261		261	87	174
Malawi		9 231	9 231	6 443	2 788
Mali		97	97	130	(33)
Mauritania		2 264	2 264	1 038	1 226
Mozambique	7 914	5 209	13 123	9 354	3 769
Rwanda	(221)	1 456	1 235	2 028	(793)
Senegal	33	2 361	2 394	1 585	809
Sierra Leone	5 369	10 940	16 309	12 251	4 058
Somalia	6 452	18 083	24 535	21 217	3 318
Swaziland		3 203	3 203	1 229	1 974
Uganda	(1)	5 769	5 768	4 363	1 405
United Republic of Tanzania	80	1 950	2 030	394	1 636
Zambia	108	4 646	4 754	3 209	1 545
Zimbabwe	420	11 924	12 344	6 067	6 277

STATEMENT VII-3 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Regional	13 001	24 318	37 319	30 006	7 313
Area total	47 971	245 652	293 623	213 392	80 231
THE AMERICAS AND THE CARIBBEAN					
Belize	61	94	155	155	
Bolivia	2		2		2
Colombia	152	1 283	1 435	150	1 285
Cuba	199		199	198	1
Dominican Republic		35	35	38	(3)
Ecuador	22		22		22
El Salvador	1 255	1 279	2 534	2 479	55
Guatemala	75		75	172	(97)
Honduras		40	40	74	(34)
Peru	162	364	526	501	25
Venezuela	48	(112)	(64)	(78)	14
Regional	1 624	63	1 687	496	1 191
Area total	3 680	3 046	6 646	4 185	2 461
EAST ASIA AND THE PACIFIC					
Cambodia	(40)		(40)		(40)
China	(3)	497	494	496	(2)
Democratic People's Republic of Korea	2 233	9 706	11 939	10 192	1 747
Indonesia	2 699	4 594	7 293	6 581	712
Mongolia	104		104	66	38
Timor-Leste	2 809	749	3 558	2 831	727
Viet Nam	149		149	135	14
Area total	7 951	15 546	23 497	20 301	3 196
SOUTH ASIA					
Afghanistan	36 332	124 946	161 278	146 434	14 844
Bangladesh	288	14	302	81	221
India	13 046	1 682	14 722	12 898	1 824
Pakistan	3		3		3
Sri Lanka	1 589	20 504	22 093	12 162	9 931
Area total	53 252	147 146	198 398	171 575	26 823

STATEMENT VII-3 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
MIDDLE EAST AND NORTH AFRICA					
Algeria		406	406	311	95
Djibouti	51	(46)	5	11	(6)
Iran (Islamic Republic of)	618	1 738	2 356	1 285	1 071
Iraq	400	177 800	178 289	84 912	93 377
Jordan	(6)	63	57	83	(26)
Kuwait	30		30		30
Lebanon				9	(9)
Palestinian children and mothers	37	6 846	6 883	5 024	1 859
Sudan	9 192	61 287	70 479	53 896	16 583
Syrian Arab Republic		399	399	422	(23)
Yemen	1		1		1
Regional		33 142	33 142	14 662	18 480
Area total	10 412	281 635	292 047	160 615	131 432
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	873	(242)	631	391	240
Armenia	(12)		(12)		(12)
Azerbaijan	3		3	1	2
Belarus	2		2		2
Bosnia and Herzegovina	3 218	937	4 155	2 959	1 196
Croatia	252	(1)	251	31	220
Georgia	38		38	1	37
Kosovo, Serbia and Montenegro	5 123	782	5 905	5 817	88
Romania	6		6		6
Russian Federation	21	6 260	6 281	5 527	754
Serbia and Montenegro	8 622	383	9 005	8 372	633
Tajikistan	1 661	3 819	5 480	4 373	1 107
The former Yugoslav Republic of Macedonia	2 302	565	2 867	2 741	126
Turkey	788	572	1 360	1 301	59
Turkmenistan	4	485	489	485	4
Ukraine	15		15		15
Uzbekistan		282	282	282	
Yugoslavia (former)	24		24	1	23

STATEMENT A II-3 (continued)

Area and country assistance	Approved programmes unspent balances as at January 2002	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 2003
Regional	2 868	4 784	7 652	4 429	3 223
Area total	25 808	18 626	44 434	36 711	7 723
GLOBAL ASSISTANCE					
Emergency Programme Fund	(300)		(300)	(300)	
Intercountry programmes	10		10		10
TOTAL GLOBAL ASSISTANCE	(290)		(290)	(300)	10
TOTAL PROGRAMME ASSISTANCE	146 704	711 651	858 355	606 479	251 876

Notes to the financial statements

Note 1
Statement of the objectives and activities of UNICEF

1. UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential. The organization mobilizes political will and material resources to help countries, particularly developing countries, ensure a "first call for children" and build their capacity to form appropriate policies and deliver services for children and their families.

Note 2
Summary of significant accounting policies

Accounting Convention

2. The financial statements are prepared in accordance with the Financial Regulations and Rules of UNICEF and the United Nations system accounting standards.

3. In line with the goal of achieving harmonization of the presentation of the accounts by agencies in the United Nations system, the financial statements are presented in line with the formats agreed upon by the CEB.

Financial period

4. In accordance with the UNICEF Financial Regulations and Rules, the accounts are maintained on a biennial basis.

Unit of account

5. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rate of exchange.

Translation of currencies

6. Differences between the valuation of the currencies when entered into the accounts and when actual transactions are completed are accounted for as gains or losses on exchange transactions. Periodically, assets and liabilities in currencies other than United States dollars are revalued for accounting purposes at the prevailing United Nations operational rates of exchange. Any variance due to fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure. In accordance with UNICEF Executive Board decision 1990/28 (E/ICEF/1990/13), differences resulting from the payment of contributions pledged in currencies other than United States dollars are recorded against the contributions.

Income

7. Income consists of regular resources, supplementary funds and funds for emergency relief and rehabilitation. Regular resources include funds from the voluntary annual contributions of Governments, intergovernmental organizations, NGOs, the net income from the Private Sector Division (PSD), unearmarked funds contributed by the public and other income. Supplementary funds are those contributed to UNICEF by Governments, intergovernmental organizations, NGOs and the United Nations system for specific purposes within the programmes approved by the UNICEF Executive Board. Emergency relief and rehabilitation funds include those contributed for emergency operations.

8. Income is recorded on the basis of funds or pledges received for the current year. Pledges received for future years for purposes specified by donors are considered deferred income and recorded as "contributions received in advance".

9. Contributions income received from National Committees for UNICEF is accounted for on a cash basis, with the exception of contributions for supplementary funds and for emergency relief and rehabilitation, which may be recorded on the basis of a valid pledge from a National Committee. The validity of the pledge is determined by the existence of funds raised and a statement from the National Committee that it is committing funds to UNICEF in the form of a pledge.

10. The statement of income and expenditures does not include funds received and disbursements made from trust funds. Those transactions that do not require commitments by the Executive Board are maintained as trust funds.

11. All other income received by UNICEF is classified as miscellaneous income and is credited as regular resources.

12. Contributions-in-kind (supplies) are valued by management and reflect the cost UNICEF would normally pay for similar items.

13. Donations-in-kind are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Expenditure

14. All expenditures of UNICEF are accounted for on an accrual basis, except for those relating to staff entitlements, which are accounted for on the basis of cash disbursements only.

15. Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in a subsequent financial period.

16. No provision is made for such staff entitlements as repatriation, which will take place in the future or to meet contingencies under appendix D of the United Nations Staff Rules, as funds are provided in the budget appropriations as required.

Cash

17. All funds received are deposited into UNICEF bank accounts, including those under trust fund arrangements and reflected as cash holdings.

Stock

18. The stock of programme supplies at the UNICEF Supply Division warehouse at Copenhagen is shown at average cost. All costs associated with bringing the goods to the warehouse are considered as part of the average cost. Goods in transit to the warehouse are valued at actual cost.

Non-expendable property

19. Furniture, equipment and other non-expendable property are not included in the assets of the organization. Acquisitions are charged against budgetary accounts in the year of purchase.

Capital asset reserve

20. By its decision 1990/26 (E/ICEF/1990/13), the Executive Board approved the establishment of a capital asset reserve fund to better control the future purchases of UNICEF capital assets, mainly buildings to be purchased for office accommodations and staff housing in the field. At such time as may be necessary, additional authorized appropriations will be made to replenish the capital asset reserve.

Consolidation of PSD accounts

21. The financial report and accounts reflect UNICEF income, expenditure, assets and liabilities, including the net operating income, assets and liabilities of PSD. Inter-office transactions between UNICEF and PSD are eliminated for PSD consolidation purposes.

PSD accounting conventions

22. The PSD accounts are maintained in accordance with the Financial Regulations and Rules of UNICEF and the Greeting Card Operation special supplement.

PSD translation of currencies

23. Gross proceeds are recorded in local currency based on current year deliveries. They are converted into United States dollars at the United Nations operational rates of exchange prevailing on 31 December.

PSD allowance for exchange rate fluctuation and doubtful accounts receivable

24. The policy of making an allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable as at 31 December as a provision for delays in the collection thereof, is discontinued effective 31 December 2003. In accordance with PSD accounting policy, a provision to cover accounts receivable that are considered doubtful for collection may be established.

PSD inventories

25. The inventory of work in process and finished goods are valued at standard cost, while raw materials are valued at moving average cost. It is PSD policy to write-down unsold cards and dated products at the end of the first sales campaign year and all other products at the end of the second sales campaign year. Products

that have been written-down and carried forward are valued at their add-on cost. All publicity and promotion materials produced in the current campaign year but relating to future campaign years are shown at standard cost and included in inventory.

PSD capital assets

26. Capital assets costing $100,000 or more are capitalized and depreciated over their estimated useful life.

PSD liabilities

27. Liabilities are accrued in the PSD accounts following recognized accounting standards, and appropriate cut-off procedures are followed consistently.

PSD income

28. Gross proceeds from the sale of cards and products are recorded in foreign currency and accrued on the basis of the provisional sales reports received from the sales partners at year-end. They are converted into United States dollars at the United Nations operational rates of exchange prevailing on 31 December of the year in question. The accrual is adjusted in the following year on receipt of the final sales report. In case the provisional sales report is not received from a sales partner by end-of-year closure, gross proceeds are accrued on the basis of that sales partner's average sales-to-delivery ratio for the current year.

29. Income from private sector fund-raising activities and related expenses are recorded separately in the PSD accounts. The net proceeds raised by National Committees from private sector fund-raising activities are recorded on the basis of the reports they submit at year's end, while the net proceeds raised by field offices from private sector fund-raising activities are recorded upon receipt of funds.

Note 3
Transfer to the biennium support budget

30. A transfer is made from income to biennium support budget, in keeping with the budget harmonization of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and UNICEF, as follows:

	2002-2003	2000-2001
	(In thousands of United States dollars)	
Government contributions towards local costs	571	646
Income tax reimbursement	15 278	14 785
Total	**15 849**	**15 431**

Note 4
PSD income

31. Net income from PSD for the biennium ended 31 December 2003 was $570,796,000, broken down as follows:

	2002	2003	Total	2000-2001
	(In thousands of United States dollars)			
Income				
Gross proceeds from sales	125 925	151 469	277 394	218 362
Private sector fund-raising	245 156	258 531	503 687	312 032
Other income	5 461	5 511	10 972	18 238
Total	**376 542**	**415 511**	**792 053**	**548 632**
Total expenditures	95 162	126 095	221 257	224 254
Net income	**281 380**	**289 416**	**570 796**	**324 378**

Note 5
Miscellaneous income

	2002-2003	2000-2001
	(In thousands of United States dollars)	
Liquidation of prior year's outstanding budgetary obligations	26 507	20 638
Income from the sale of surplus and obsolete property	1 729	2 672
Agency commissions from procurement services	1 915	1 837
Gains and losses on foreign exchange transactions	5 222	14 047
Miscellaneous — others	3 170	2 517
Total	**38 543**	**41 711**

Note 6
Currency exchange adjustment

32. The currency exchange adjustments line no longer reflects all exchange adjustments and therefore direct comparison with the previous biennium is not possible. In 2002-2003, all exchange adjustments related to other resources are recorded against those contributions. This is in line with Financial Regulation 4.10 and UNICEF Executive Board decision 1990/28 (E/ICEF/1990/13).

33. If the disclosure rules had been strictly applied, the figure for currency adjustments for 2000-2001 would have been $6.75 million less, a total of (S16.756 million), with no impact on the UNICEF net excess of income over expenditure.

Note 7
Write-offs

	Regular resources	*Other resources*	*Emergency relief and rehabilitation*	*Total 2002-2003*	*Total 2000-2001*
	(In thousands of United States dollars)				
Uncollectible contributions	518	5 322	6 613	12 453	10 411
Stock write-offs	3 570	334		3 904	3 347
Prior years' adjustments	745	(1 448)	747	44	28
Total	**4 833**	**4 208**	**7 360**	**16 401**	**13 786**

Note 8
Cash and term deposits

	2003	*2001*
	(In thousands of United States dollars)	
Term deposits	927 233	619 922
Cash (convertible)	26 867	17 085
Cash (non-convertible)	7 259	7 543
Total cash and term deposits	**961 359**	**644 550**

Note 9
Ageing analysis of contributions receivable

Prior to 2001	*2001*	*2002*	*2003*	*Total 2003*	*Total 2001*
	(In thousands of United States dollars)				
2 798	4 333	12 847	249 115	269 093	212 588

Note 10
Provision for uncollectible contributions receivable

34. In line with the recommendation of the external auditors (A/51/5/Add.12, paragraph 35), UNICEF maintains a provision for potentially uncollectible contributions receivable. This provision is set at $5 million.

Note 11
Other accounts receivable

	2004	2003
	(In thousands of United States dollars)	
From NGOs for fund-raising campaigns of National Committees for UNICEF	312 504	208 732
Less PSD allowance for exchange rate fluctuation and uncollectible accounts	(28 241)	(24 606)
From Governments, United Nations agencies and other organizations for trust funds	21 022	75 038
From United Nations and specialized agencies	4 959	
From staff members	21 432	17 924
From banks — accrued interest	3 074	4 462
Advances to suppliers for goods and freight	8 296	3 938
Deferred charges — Central Emergency Revolving Fund		1 636
From Governments — other	1 083	899
Deposits and prepayments	612	801
Miscellaneous	157	262
Total	**344 898**	**289 086**

Note 12
Inventories

	2004	2003
	(In thousands of United States dollars)	
Programme supplies in warehouse	23 222	18 583
Packing materials in warehouse	251	167
PSD — raw materials	2 402	2 404
PSD — work in progress	189	230
PSD — finished goods	2 455	4 324
Total	**28 519**	**25 708**

Note 13
Buildings and equipment

	UNICEF office buildings	*UNICEF housing*	*PSD machinery and equipment*	*Total*
	(In thousands of United States dollars)			
As at 31 December 2001	11 454	946	319	12 719
Additions	919			919
Disposals		366		366
Depreciation			243	243
As at 31 December 2003	**12 373**	**580**	**76**	**13 029**

35. There was a net increase of $310,000 in the capital asset fund during 2002-2003.

Note 14
Contributions received in advance

	2003	*2001*
	(In thousands of United States dollars)	
Governments and intergovernmental agencies	1 852	3 080
Others	898	379
Total	**2 750**	**3 459**

36. Further to contributions received in advance, pledges amounting to $161,269,472 had already been received for future years.

Note 15
Unliquidated obligations

	2003	*2001*
	(In thousands of United States dollars)	
Programme budget accounts	117 810	160 552
Administrative budget accounts	10 081	12 688
Total	**127 891**	**173 240**

Note 16
Accounts payable

	2003	2002
	(In thousands of United States dollars)	
To the United Nations and specialized agencies	2 623	4 033
Central Emergency Revolving Fund	3 427	12 500
Supplies, service and freight	65 716	52 459
Miscellaneous	8 491	6 148
Total	**80 258**	**75 140**

Note 17
Medical insurance plans

	2003	2002
	(In thousands of United States dollars)	
Opening balance	24 343	19 329
Premiums	15 996	12 972
Expenditures	8 889	7 958
Ending balance	**31 450**	**24 343**

37. The Medical Insurance Plan is a health and dental insurance plan operated by the United Nations. UNDP, the Office of the United Nations Commissioner for Refugees (UNHCR) and UNICEF at designated duty stations for the benefit of locally-recruited General Service staff members, national Professional officers, former staff members and their eligible family members. Staff and the organization share in the cost of the premiums. The balance represents premiums less expenses.

Note 18
Reserve for procurement services — staff and related costs

38. In 1993, the Executive Board authorized the establishment of a reserve for procurement services at $2 million (E/ICEF/1993/AB/L.11 and E/ICEF/1993/14, decision 1993/19). There were no movements in the reserve during 2002-2003.

39. The income and expenditures relating to procurement services amounted to:

	2002-2003	2001-2002
	(In thousands of United States dollars)	
Funds received	12 160	10 425
Staff-related expenses	10 245	8 588
Transfer to miscellaneous income	**1 915**	**1 837**

Note 19
Insurance reserves

Reserve for losses of programme supplies and equipment

40. In 1950, the Executive Board authorized the establishment of a reserve for insurance of $200,000 to absorb losses of UNICEF programme supplies and equipment not covered by commercial insurance. The reserve balance at the end of 2001 was $104,010. There was an increase of $11,161.89 in the reserve during 2002-2003.

Reserve for property loss

41. In 1987, UNICEF established a reserve of $100,000 to self-insure for property losses. The reserve balance at the end of 2001 was $26,399. There were no movements in the reserve during 2002-2003.

Note 20
After-service health insurance reserve

42. In order to gain a better understanding of the financial dimensions of the organization's liability for after-service health insurance, a consulting actuary was engaged in 2003 to carry out an actuarial valuation of post-retirement health insurance benefits as at 31 December 2003. On the basis of that study, it has been estimated that UNICEF liability as at 31 December 2003 for after-service health insurance benefits covering all participants is as follows:

	Present value of future benefits as at 31 December 2003	Accrued liability as at 31 December 2003
	(In thousands of United States dollars)	
Gross liability	339 309	233 428
Offset from retirees	73 294	50 971
Total	**266 015**	**182 457**

43. The present value of future benefits is the discounted value of all benefits, less retiree contributions, to be paid in the future to all current retirees and active employees expected to retire in the future. In actuarial terminology, it is called the expected post-retirement benefit obligation, or EPBO.

44. The accrued liability for future benefits represents that portion of the present value of benefits that has accrued from the employee's date of hire until the valuation date. An active employee's benefit is fully accrued when that employee has reached the date of full eligibility for benefits. Thus, for retirees and active employees who are eligible to retire with benefits, the present value of future benefits and the accrued liability are equal. In actuarial terminology, the accrued liability is called the accumulated post-retirement benefit obligation, or APBO.

45. In 2003, the Executive Board authorized the establishment of a funded reserve for after-service health insurance with an initial contribution of $30 million. Currently, disbursements for current retirees are charged against the budget appropriations of the periods when actual payments are made.

Note 21
Other end-of-service liabilities

46. The net contingent liability for staff benefits as at 31 December 2003 is estimated at $66,952,000, consisting of the following:

	2003	2002
	(In thousands of United States dollars)	
Accumulated leave	33 041	29 839
Repatriation grant	33 911	26 655
Total	**66 952**	**56 494**

47. There is no provision in the accounts for the above amount. The expenditures will be charged against the budget appropriations of the periods when actual payments are made.

Note 22
United Nations Joint Staff Pension Fund

48. UNICEF is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligations of the organization to the consist of its mandated contribution at the rate established by the General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations and rules of the Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Funds as of the valuation date.

49. At the time of this report, the General Assembly has not invoked this provision.

Note 23
Non-expendable property as at 31 December 2003

	2003	2002
	(In thousands of United States dollars)	
Cost of non-expendable property — UNICEF	52 932	52 122
Cost of non-expendable property — under UNICEF custody	65 198	
Total	**118 130**	**52 122**

50. All non-expendable property is charged against current year expenditure at the time of acquisition.

Note 24
Liquidity

51. UNICEF internal liquidity guidelines recommend a year-end liquid resources convertible cash balance equal to at least 30 per cent of projected regular resources income for the following year.

52. The financial plan for 2003 recommended a minimum regular resources convertible cash balance of $66 million.

53. For the purpose of meeting this internal guideline, UNICEF cash balances, excluding trust funds, are estimated to be split between regular resources and other resources as follows:

	2003	2002
	(In thousands of United States dollars)	
Convertible cash balance	291 887	462 816
Non-convertible cash balance	317 259	
Total	**209 146**	**462 816**

54. UNICEF met its internal liquidity guideline for the year 2003.

Note 25
In-kind contributions

55. During the biennium 2002-2003 UNICEF provided in-kind contributions to the following organizations:

	Total 2003
	(In thousands of United States dollars)
Global Alliance for Vaccines and Immunization	953
Joint United Nations Programme on HIV/AIDS	113
United Nations Board of Auditors	43
Total	**1 109**

Schedule 1

CONTRIBUTIONS RECEIVED OR PLEDGED FOR THE BIENNIUM ENDED 31 DECEMBER 2003

(In thousands of United States dollars)

Donor	Regular resources			Other resources						TOTAL
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	
COUNTRIES										
Algeria	40		40	500		500				540
Andorra	35		35	50	193	243	152	47	159	437
Angola	2		2							2
Argentina				17	2 262	2 279				2 279
Armenia	–		–							–
Australia	5 500		5 500	18 976	3 307	22 277	16 865	1 391	18 256	46 042
Austria	2 650		2 650		281	281	993	593	986	3 317
Bahamas	2		2							2
Bangladesh	35		34	157		157		1	1	192
Barbados	51		51							51
Belgium	5 296		5 296	3 994	1 330	5 324	8 807	1 342	9 749	20 369
Belize	101		101							101
Bhutan	28		28							28
Bolivia				686		686				886
Brazil					10 716	10 716				10 716
Brunei Darussalam							272		272	272
Bulgaria	3		3							3
Burundi	1		1							1
Cambodia	5		5							5
Cameroon	28		28							28
Canada	17 674		17 674	69 668	5 851	74 539	52 740	3 140	55 880	148 093
Cape Verde	2		2							2
Central African Republic					6	6				6
Chile	139		139		383	383		59	59	581
China	2 337		2 337	90	496	526		1	1	2 862
Colombia	460		460		1 500	1 500				1 960
Costa Rica	17		17		6	6				23
Cote d'Ivoire							76		76	76
Croatia	1		1		65	65				66
Cuba	15		15							15
Cyprus	10		10							10
Czech Republic	345		345		55	55	51	18	51	451
Democratic People's Republic of Korea	1		1							1
Democratic Republic of the Congo							500		500	500
Denmark	50 152		50 152	3 306	699	4 005	11 716	1 515	13 231	69 388
Djibouti	1		1							1
Dominican Republic					113	113				113
Ecuador					477	477				477
Egypt	111		111							111
El Salvador	26		26							26
Equatorial Guinea					13	13				13
Estonia	37		37							37

Schedule 1 (continued)

Donor	Regular Resources			Other Resources: Supplementary Funds			Other Resources: Emergency Relief and Rehabilitation			TOTAL
	Governments and inter-governmental Agencies	Non-governmental Sources	Subtotal	Governments and inter-governmental Agencies	Non-governmental sources	Subtotal	Governments and inter-governmental Agencies	Non-governmental sources	Subtotal	
Ethiopia	99		99							99
Fiji	2		2							2
Finland	27 862		27 862	1 930	1 931	3 761	6 114	689	6 803	35 966
France	15 529		15 529	2 351	11 104	13 455	2 570	5 741	8 311	37 145
Gabon				1	1	1				1
Gambia	10		10							10
Germany	32 500		32 500	147	36 526	36 673	1 669	22 958	24 636	73 807
Ghana				1	1	1				1
Greece	565		565		349	349	307	180	487	1 401
Guyana	6		6							6
Honduras	50		50	185		185				235
Hong Kong				3 367	3 367	3 367		1 497	1 497	5 864
Hungary	3		3	11	11	11		108	108	123
Iceland	248		248							248
India	643		643	548	417	965		1	1	1 609
Indonesia	100		100		408	408				508
Iran, Islamic Republic of	160		160							160
Ireland	13 713		13 713	6 555	750	5 955	8 423	1 150	9 573	28 765
Israel	140		140							140
Italy	25 000		25 000	22 894	23 192	34 666	16 213	5 397	21 610	81 276
Jamaica	1		1							1
Japan	46 000		46 000	93 295	23 606	116 901	76 976	14 147	91 123	248 819
Jordan	28		28							28
Kazakhstan							10		10	10
Kuwait							450		450	450
Lao People's Democratic Republic	11		11							11
Latvia	10		10							10
Lebanon	3		3		161	161				164
Lesotho	4		4							4
Liechtenstein	14		14	5		5	6		6	25
Lithuania							45		45	45
Luxembourg	1 234		1 234	2 595	679	3 274	623	144	767	5 267
Madagascar	5		5	161		161				166
Malaysia	84		84							84
Maldives	15		15							15
Mali	17		17							17
Mauritius	9		9							9
Mexico	414		414	37	1 409	1 446		2	2	1 862
Monaco	50		50							50
Mongolia	22		22							22
Morocco	96		96		174	174				270
Myanmar	8		8							8
Namibia	1		1		98	98				99
Netherlands	60 000		60 000	59 883	6 475	66 358	37 292	4 158	41 450	167 808
New Zealand	2 119		2 119	2 292		2 292	2 956	297	2 840	7 247
Nicaragua	10		10	124	3	127				137
Nigeria					94	94				94

Schedule 1 (continued)

Donor	Regular Resources			Other Resources						TOTAL
				Supplementary Funds			Emergency Relief and Rehabilitation			
	Governments and Inter-governmental Agencies	Non-governmental Sources	Subtotal	Governments and Inter-governmental Agencies	Non-governmental sources	Subtotal	Governments and Inter-governmental Agencies	Non-governmental sources	Subtotal	
Norway	85 410		85 410	64 923	488	65 411	44 848	593	45 441	196 262
Oman	55		55	221	39	260				315
Pakistan	131		131		36	36				167
Panama	27		27	300	62	362				389
Paraguay					20	20				20
Peru	10		10		22	22				32
Philippines	108		108		997	997				1 105
Poland	35		35				15		15	50
Portugal	340		340	8	114	122	118	376	494	956
Qatar	10		10							10
Republic of Korea	4 200		4 200	120	914	1 034	4 870	1 024	5 894	11 128
Romania	22		22							22
Russian Federation	1 000		1 000		58	58				1 058
Samoa	2		2							2
San Marino								15	15	15
Saudi Arabia	2 000		2 000	50	158	208		122	122	2 330
Senegal				54	1	55				55
Singapore	100		100		35	35				135
Slovak Republic	12		12		9	9		37	37	58
Slovenia	40		40		131	131	72	257	329	500
South Africa	24		24		72	72	95		95	191
Spain	3 957		3 957	26	13 329	13 355	1 077	4 456	5 533	22 845
Sri Lanka	31		31	437	4	441				472
Swaziland	1		1							1
Sweden	66 368		66 368	62 048	3 256	65 304	48 408	724	49 132	180 804
Switzerland	24 444		24 444	2 916	11 302	14 218	2 393	1 149	3 542	42 204
Syrian Arab Republic	6		6		56	56				62
Thailand	417		417		4 091	4 091		2	2	4 510
The former Yugoslav Republic of Macedonia	3		3							3
Trinidad and Tobago	6		6							6
Tunisia	86		86		22	22				108
Turkey	240		240		357	357	100		100	697
Ukraine	15		15							15
United Arab Emirates	300		300		272	272				572
United Kingdom of Great Britain and Northern Ireland	53 744		53 744	67 129	24 335	91 464	80 819	8 865	89 684	234 892
United States of America	239 220		239 220	194 490	42 350	236 840	101 169	9 409	110 578	586 638
Uruguay					188	188				188
Venezuela					428	428				428
Viet Nam	27		27		3	3				30
Virgin Islands (United Kingdom)	2		2							2
Zimbabwe	1		1		7	7				8
Subtotal, countries	769 607		769 607	684 426	222 752	907 178	530 266	91 643	621 909	2 298 694
INTERGOVERNMENTAL AGENCIES										
African Development Bank				500		500				500
Agfund				190		190				190
Asian Development Bank				125		125				125

Schedule 1 (continued)

Donor	Regular Resources			Other Resources: Supplementary Funds			Other Resources: Emergency Relief and Rehabilitation			TOTAL
	Governments and inter-governmental Agencies	Non-governmental Sources	Subtotal	Governments and inter-governmental Agencies	Non-governmental sources	Sub-total	Governments and inter-governmental Agencies	Non-governmental sources	Subtotal	
Council of Europe Development Bank				360		360				360
European Commission Humanitarian Office				6 520		6 520	46 356		46 356	52 876
European Economic Community				6 901		6 901	13 321		13 321	20 222
OPEC Fund				200		200	350		350	550
Organization for African Unity							477		477	477
Others, regular resources	135		135							135
Commonwealth secretariat				48		48				48
Subtotal, intergovernmental agencies	135		135	14 844		14 844	60 504		60 504	75 483
Income adjustments to prior periods	1 373		1 373	(3 269)		(3 269)	(2 199)		(2 199)	(4 094)
Refund of contributions				(2 195)		(2 195)	(3 983)		(3 983)	(6 177)
TOTAL GOVERNMENTS AND INTER GOVERNMENTAL AGENCIES	771 115		771 115	693 806	222 752	916 558	584 588	91 643	676 231	2 363 904
NON-GOVERNMENTAL ORGANIZATIONS										
Canada (various)				6 371		6 371				6 371
Cayman Islands (various)		20	20							20
GAVI				2 503		2 503				2 503
Germany (various)		0	0	105		105	150		150	255
IFRC				578		578				578
ICRC				5		5				5
Iraq (various)							414		414	414
Italy (various)				9		9				9
Japan (various)		1 088	1 088	1 042		1 042	1 500		1 500	3 542
Liechtenstein (various)				104		104				104
Monaco (various)				118		118				118
NetAID Foundation				15		15				15
Others, regular resources		3	3							3
Plan International				65		65				65
Portugal (various)				81		81				81
Rotary International				11 740		11 740				11 740
Singapore (various)				10		10				10
Switzerland (various)		31	31	101		101				132
Thailand (various)				50		50				50
The Institute of Economics (Serbia)				44		44				44
United Nations Staff		1	1							1
United Arab Emirates (various)				53		53	298		298	351
United Kingdom of Great Britain and Northern Ireland (various)				30		30				30
United States of America (various)		21	21	46 491		46 491	273		273	46 785
World Conference on Religion and Peace							300		300	300
Subtotal, non-governmental organizations		1 076	1 076		69 515	69 515		2 935	2 935	73 526

Schedule 1 (concluded)

Donor	Regular Resources			Other Resources: Supplementary Funds			Other Resources: Emergency Relief and Rehabilitation			TOTAL
	Governments and Inter-governmental Agencies	Non-governmental Sources	Subtotal	Governments and Inter-governmental Agencies	Non-governmental sources	Subtotal	Governments and Inter-governmental Agencies	Non-governmental sources	Subtotal	
Income adjustments to prior periods		2 215	2 215		(241)	(241)		6	6	1 979
Refund of contributions					(2 331)	(2 331)		(271)	(271)	(2 603)
TOTAL GOVERNMENTS, INTERGOVERNMENTAL AND NON-GOVERNMENTAL AGENCIES	771 115	3 291	774 406	693 806	289 695	983 501	584 588	94 311	678 899	2 436 806
INTER-ORGANIZATION ARRANGEMENTS										
UNAIDS					26 324	26 324				26 324
United Nations agencies					11	11				11
United Nations DPKO					865	865		97	97	962
United Nations Trust Fund for Human Security					3 484	3 484				3 484
United Nations, Secretariat					806	806		2 142	2 142	2 948
UNDP					363	363		743	743	1 106
UNESCO					76	76				76
UNFPA					453	453				453
UNHCR					382	382		410	410	792
UNOCHA					10	10		153	153	163
UNODC					135	135				135
UNMEE								67	67	67
WHO					817	817		577	577	1 394
World Bank					1 307	1 307		400	400	1 707
Subtotal, inter-organization arrangements					35 033	35 033		4 588	4 588	39 621
Income adjustments to prior periods		2	2		(17)	(17)		(2)	(2)	(18)
Refund of contributions					(242)	(242)				(243)
TOTAL INTER-ORGANIZATION ARRANGEMENTS		2	2		34 774	34 774		4 586	4 586	39 362
GRAND TOTAL	771 115	3 293	774 408	693 806	324 469	1 018 275	584 588	98 897	683 485	2 476 168

SUMMARY	Regular Resources	Supplementary Funds	Emergency Relief & Rehabilitation	Total
Governments	770 541	679 160	524 497	1 974 198
Intergovernmental agencies	574	14 646	60 091	75 311
National Committees	1 724	222 502	91 602	315 828
Non-governmental organizations	1 567	67 193	2 709	71 469
Inter-organization arrangements	2	34 774	4 586	39 362
GRAND TOTAL	774 408	1 018 275	683 485	2 476 168
Contributions received in cash				2 466 801
Contributions received in kind				9 367
TOTAL CONTRIBUTIONS				2 476 168

E/ICEF/2004/AB/L.6

SCHEDULE 2

CONTRIBUTIONS RECEIVABLE FOR REGULAR RESOURCES, SUPPLEMENTARY FUNDS AND EMERGENCY RELIEF & REHABILITATION
AS AT 31 DECEMBER 2003

(In thousands of United States dollars)

Donor	Regular resources			Other resources						Total
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	
GOVERNMENTS										
Australia				1 912		1 912	1 230		1 230	3 142
Austria							187		187	187
Belgium	5		5				706		706	711
Bhutan	15		15							15
Burundi	1		1							1
Cameroon	14		14							14
Canada				1 076		1 076	5 906		5 906	6 982
Cape Verde	1		1							1
CDC				46 241		46 241	400		400	46 641
CIDA: FOOD AID CENTRE							981		981	981
Colombia	230		230							230
Estonia										
France				1 134		1 134				1 134
Gambia	10		10							10
Germany	73		73				8		8	81
Iran, Islamic Republic of	53		53							53
Ireland - Development Cooperation Office				364		364				364
Irish Aid Division				244		244				244
Italy				278		278	594		594	872
Jamaica	60		60							60
Japan				16 359		16 359				16 359
Lao People's Democratic Republic	5		5							5
Lesotho	3		3							3
Liechtenstein							18		18	18
Luxembourg				372		372	461		461	833
Madagascar	5		5							5
Malaysia	84		84							84
Maldives	8		8							8
Morocco	4		4							4
Namibia	1		1							1
Netherlands				6 269		6 269				6 269
New Zealand				206		206				206
Norway				789		789	6		6	795
Norway - NORAD				1 515		1 515				1 515
Palau	1		1							1
Peru	10		10							10
Sweden										
Sweden - SIDA				12 609		12 609	8 287		8 287	20 896
Switzerland							892		892	892
The former Yugoslav Republic of Macedonia	2		2							2

SCHEDULE 2 (continued)

Donor	Regular resources			Other resources						Total
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental Sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and Inter-governmental Agencies	Non-governmental sources	Subtotal	
United States Department of Labor				811		811				811
Ukraine	15		15							15
United Department of State				500		500				500
United Kingdom of Great Britain and Ireland				22 508		22 508	2 818		2 818	25 326
United States of America				316		316				316
United States International Narcotics and Law Enforcemen				224		224				224
USAID/OFDA				105		105	18 256		18 256	18 361
USAID/Washington				32 299		32 299	39 785		39 785	72 084
Venezuela	47		47							47
Yemen	35		35							35
Subtotal, Governments	681		681	146 131		146 131	80 445		80 445	227 258
INTERGOVERNMENTAL AGENCIES										
Agfund				111		111				111
European Commission				3 283		3 283	4 011		4 011	7 294
ECHO				653		653	5 746		5 746	6 399
Inter-American Development Bank				105		105				105
OPEC Fund				50		50	250		250	300
Subtotal, intergovernmental agencies				4 202		4 202	10 007		10 007	14 209
NATIONAL COMMITTEES FOR UNICEF										
Subtotal, National Committees										
NON-GOVERNMENTAL ORGANIZATIONS										
Columbia University					14	14				14
Helen Keller Worldwide										
International Development Research					56	56				56
Rotary International					7 683	7 683				7 683
Subtotal, non-governmental agencies					7 753	7 753				7 753
INTER-ORGANIZATIONAL ARRANGEMENTS										
IFAD					156	156				156
UNIDO					45	45				45
UNAIDS					8 741	8 741				8 741
UNDP		17	17							17
WHO					78	78				78
Subtotal, inter-organization arrangements		17	17		9 020	9 020				9 037

SCHEDULE 2 (concluded)

Donor	Regular resources			Other resources						
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Adjustments										
Subtotal contribution adjustment			111			7 686			3 117	10 836
			111			7 686			3 117	10 836
GRAND TOTAL	685	17	811	150 111	16 772	174 711	28 672	93 769		269 991
SUMMARY										
Governments										
Intergovernmental agencies			683			146 111			90 665	127 258
National Committees						4 282			10 887	14 289
Non-governmental organizations										
Inter-organization arrangements						7 783				7 783
Contribution adjustment			17			9 030				9 017
			111			7 686			3 117	10 836
GRAND TOTAL			811			174 711			93 769	269 991

Schedule 3

TRUST FUNDS FOR THE BIENNIUM ENDED 31 DECEMBER 2003

(In thousands of United States dollars)

	Balances as at 1 January 2002	Funds received & adjustments	Funds disbursed	Balances as at 31 December 2003
Governments and others				
Procuremen services	51 276	216 032	203 791	63 517
Procurement services on behalf of GAVI	87 470	199 605	141 226	145 849
Other trust funds	41 642	341 260	323 605	59 297
Junior Professional Officers	6 551	25 016	18 907	12 660
Subtotal	***186 939***	***781 913***	***687 529***	**281 323**
United Nations system				
International Labour Organization (ILO)	9	29	29	9
United Nations agencies	14	30	40	4
United Nations, Secretariat	(31)	32	2	(1)
UNAIDS	2 115	1 526	2 922	719
UNFPA		298	275	23
UNDP	33	909	585	357
UNOPS	3	(3)		
UNOCHA	5	(5)		
UNOIP	(66 494)	193 921	141 280	(13 853)
UNRWA	46	137	171	12
World Bank	(291)		8	(299)
WFP	5	153	166	(8)
WHO	240	1 705	1 857	88
Subtotal	***(64 346)***	***198 732***	***147 335***	**(12 949)**
Net balances	122 593	980 645	834 864	**268 374**
Total debit balances	75 651			**21 023**
Total credit balances	198 244			**289 397**

Income and expenditures and changes in reserves and fund balances for the years ended 31 December 2002 and 31 December 2003

(In thousands of United States dollars)

	Regular resources		Other resources: Supplementary funds		Other resources: Emergency relief & rehabilitation		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
INCOME								
Voluntary contributions								
Governments	403 457	367 658	351 132	342 674	381 518	203 070	1 136 107	913 402
Less: Transfer to support budget	(8 387)	(7 462)					(8 387)	(7 462)
	395 070	360 196					1 127 720	905 940
Non-governmental private sector	2 210	1 081	140 341	149 354	60 406	33 905	202 957	184 340
Private Sector Division	289 416	281 380					289 416	281 380
Funds received under inter-organization arrangements	2		21 685	13 089	1 005	3 581	22 692	16 670
Other income								
Interest income	13 467	16 901					13 467	16 901
Miscellaneous income	10 682	27 861					10 682	27 861
Currency exchange adjustments a/	12 812	13 926					12 812	13 926
TOTAL INCOME	723 659	701 345	513 158	505 117	442 929	240 556	1 679 746	1 447 018
EXPENDITURE								
Programme assistance	392 354	347 395	481 701	442 059	353 152	253 327	1 227 207	1 042 781
Programme support	155 025	145 310					155 025	145 310
Total programme cooperation	547 379	492 705	481 701	442 059	353 152	253 327	1 382 232	1 188 091
Management and administration	86 589	79 216					86 589	79 216
TOTAL EXPENDITURES	633 968	571 921	481 701	442 059	353 152	253 327	1 468 821	1 267 307
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES	89 691	129 424	31 457	63 058	89 777	(12 771)	210 925	179 711
Write-offs/prior period's adjustments	4 227	606	2 160	2 049	4 389	2 971	10 776	5 625
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES	85 464	128 818	29 297	61 010	85 388	(15 742)	200 149	174 086
Reserve balances, 1 January	28 961	28 933					28 961	28 933
Transfer to after-service health insurance	(30 000)						(30 000)	
Increase in reserves	30 653	28					30 653	28
Fund balances, 1 January	312 572	183 754	410 243	349 233	128 177	143 919	850 992	676 906
RESERVES AND FUND BALANCES, 31 DECEMBER	427 050	341 533	439 540	410 243	213 565	128 177	1 080 155	879 953

Annex II

Glossary of selected UNICEF terminology

Accounts, audited. The financial statements of the organization for a specified period or at a specified date audited by the External Auditors (United Nations Board of Auditors).

Accrual basis of accounting. The accrual basis of accounting for revenue in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditures in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.

Asset. An asset is a resource owned by or due to the organization as a result of past events.

Budget. A plan in financial terms for carrying out proposed activities in a specified time. The term "budget" is used to refer to UNICEF programme support, management and administration costs, programme assistance as well as to PSD. However, the Executive Board approves an appropriation of funds only for the UNICEF support budget and the regular resources part of inter-country programmes.

Budget appropriations. The total appropriation of funds approved by the Executive Board for UNICEF programme support, management and administration costs, and programme assistance against which obligations may be incurred for those purposes up to the amount so approved.

Budget estimates. Estimates of the costs of proposed programme support, management and administration, and programme assistance prepared for submission to the UNICEF Executive Board for the approval of relevant appropriations.

Budget estimates, revised. Resulting from Executive Board approval of "supplementary estimates" proposed to adjust an approved budget.

Cash holdings. The aggregation of all the funds of the organization, including coins, bank notes, cheques, balances in current and call accounts, savings accounts and interest-bearing deposits.

Cash-in-transit. Cash transfers between one or more UNICEF bank accounts at a specified time.

Cash in current bank accounts. The aggregate of money maintained in UNICEF bank accounts, as reflected in the UNICEF books of account, to sustain operational requirements.

Cash in interest-bearing deposits. Funds temporarily available, over those needed for immediate requirement, held in short-term, interest-bearing deposits and ready to be drawn down when needed.

Cash-on-hand (also called "petty cash"). Cash kept on hand by authorized officers as a convenience for making small payments on behalf of the organization.

Contributions, voluntary. Contributions to UNICEF that are offered and accepted without reference to a scale of assessment determined by any United Nations legislative body.

Contributions receivable. Contributions pledged to UNICEF but not received until a future time.

Currencies of "restricted use" for UNICEF. Currencies, the use of which (mainly in respect of transferability and convertibility) is limited because of foreign exchange regulations or a donor's wish. When those limitations do not exist, the currencies are considered by UNICEF as "unrestricted" because these are fully convertible.

Earmarked. To give expression to a restriction imposed by agreement or by administrative action on the use of an account or of an equivalent amount of assets.

Expenditures. Expenditure for a financial period is the sum of the disbursements and valid unliquidated obligations made against the appropriation/allocation of the period.

Financial periods. The operating period of the organization, covered by the financial statements, is on a biennial basis.

Financial regulations. Until 31 December 1987, UNICEF accounts were maintained in accordance with the Financial Regulations of the United Nations, with such modifications as required by the nature of UNICEF work. Since 1 January 1988, UNICEF accounts have been maintained in accordance with the UNICEF Financial Regulations and Rules.

Fund balance. Fund balances and reserves represent the difference between the assets and the liabilities of the organization. Consists of funds available for the implementation of programmes funded by regular resources and supplementary funds as well as funds available for the acquisition of capital assets.

Income. Income for a financial period is defined as money or money equivalent received or accrued during the financial period which increases existing net assets. UNICEF income is recorded on the basis of funds or pledges received for the current year. It comprises funds classified as "regular resources", "supplementary funds" and "emergency relief and rehabilitation".

Income, deferred. Funds received or pledges recorded as receivable, attributable to future financial periods and, therefore, not credited to the income account of the period reported on.

Income, regular resources. Unearmarked income which includes funds from voluntary annual contributions of Governments, the net income from PSD, funds contributed by the public and certain "other (or miscellaneous) income".

Income, other. Also referred to as "miscellaneous income" for regular resources. Miscellaneous income is defined in the United Nations system as income other than (a) the value of assessed or voluntary contributions; and (b) such other income items as may be excluded under the organization's financial regulations and rules. In UNICEF, this includes income other than the value of the voluntary contributions and the net income of PSD.

Income, supplementary funds. Specific contributions for programmes approved by the UNICEF Executive Board, in addition to regular resources, which then become part of UNICEF programmes. Consists of funds contributed to UNICEF by Governments, NGOs and United Nations agencies for specific purposes.

Income, emergency relief and rehabilitation. Consists of funds contributed to UNICEF by Governments, NGOs and United Nations agencies for emergency appeals.

Inventory. The value of supplies and equipment for programmes owned by the organization, as well as PSD materials at the end of an accounting or financial period.

Liability. A liability is a present obligation of the organization arising from past events, the settlement of which is expected to result in an outflow of resources from the organization.

Liquidity policy. Owing to the nature of programme implementation and UNICEF cash flows, there may occur, from time to time, short-term imbalances between regular resources cash disbursements and cash receipts. The UNICEF liquidity policy allows these temporary imbalances to be offset by up to one half of the balance of supplementary cash-on-hand.

Liquidity requirement. In order to meet UNICEF liquidity requirements, regular resources convertible cash balances, at the end of each fiscal year, are required to equal 10 per cent of projected regular resources income for the next fiscal year.

Local currency. The currency of the country or area in which the local financial records of an activity are kept and/or in which its local financial transactions take place.

Non-expendable property. Items of property and equipment charged to the administrative budget with an individual unit cost of at least $1,500.

Obligation. Obligations are amounts of orders placed, contracts awarded, services received and other transactions which involve a charge against the resources of the current financial period. Obligations may be maintained either for that period or until liquidated or cancelled.

Pledge. A written commitment by a prospective donor to make a voluntary contribution to UNICEF. A written commitment which is subject to the need to secure an appropriate national legislative approval is considered a pledge.

Procurement services. UNICEF assists Governments, United Nations agencies and NGOs working in the fields of benefit to children by undertaking, on request and on a reimbursable basis, the procurement of goods and services. A small handling charge is added by UNICEF to the cost of the supplies and services to cover the costs of extra administration and documentation (see trust funds).

Rates of exchange. The UNICEF accounts are maintained in United States dollars. Transactions in other currencies are converted for recording into United States dollars, in principle, at the United Nations operational rates of exchange.

Reserve for insurance. A reserve of $200,000 was established by the Executive Board in November 1950 when UNICEF adopted a policy of self-insurance for programme supplies. UNICEF also has a reserve for third-party liability, which has a balance as of 31 December 2003 of $26,399.

Schedule. Explanatory or supporting analyses accompanying financial statements.

Trust funds. Funds accepted by UNICEF mainly to cover the costs of procurement of supplies and services undertaken by UNICEF on behalf of others. They also

include financing provided by sponsors to cover the costs of Junior Professional Officers as well as those relating to projects funded by the World Bank, the Oil for Food Programme in Iraq and the Global Alliance for Vaccines and Immunization. These funds are not considered to be UNICEF income.

Specific contributions. Programme recommendations are often prepared in excess of the input available from regular resources. These recommendations are approved by the Executive Board as suitable for funding by supplementary contributions and contributions for emergency relief and rehabilitation from donors. When a contribution for specific purposes is made for such a programme, the corresponding commitment enters into effect (usually between Executive Board sessions).

Unencumbered balance. That portion of the approved budget that has not been expended at the end of the year. The unspent balance at the end of the biennium is cancelled and reported to the Executive Board.

Write-off. An adjustment to the accounts in order to record the loss of or reduction in the value of an asset.